

THE POLITICAL PHILOSOPHIES SINCE 1905

VOL. II

The Epoch of Neo Democracy
and Neo Socialism
(1929)

PART II

BY

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PUBLISHERS' ANNOUNCEMENT

The present publication is Part II in Vol II of Professor Dr Benoy Kumar Sarkar's *Political Philosophies Since 1905*. It deals with the economic and international forces in political thought.

Part I discusses freedom, demo-despotocracy, neo-socialism, neo capitalism, neo-democracy as well as constitutional and legal categories.

Part III, which has already been published, exhibits the sociological and philosophical currents in politics. The contents deal with the following topics, namely, progress, race, East-West, crime, population, religion and moral personality, as categories of political philosophy.

All the three Parts are to be taken as continuation of Vol I which was published at Madras in 1928.

On account of the excessively high price of paper and transportation we are regrettably enough compelled to fix the prices as follows:

Part I (356 pages)	Rs 5
Part II (570 pages)	Rs 12
Part III (368 pages)	Rs 8

MOTILAL BANARSIDASS

LAHORE

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PREFACE

In the analysis of political philosophies two fundamental considerations have been taken to be of paramount importance. In the first place, political action precedes, accompanies and follows political thought. Political thought and political action constitute one ideological complex. Institutions and movements belong, therefore, to the discussion of ideas and ideals as the integral parts of a socio-moral *Gestalt* or configuration.

Secondly, politics, whether as thought or as action, comprise speculations and activities within five different but more or less allied domains of life. These are (1) law and constitution, (2) economic welfare, (3) international relations, (4) human development and societal evolution, and (5) mental and moral personality. Very often it is extremely difficult to decide as to whether an item of thought or activity should be grouped in one or other domain. Indeed, not infrequently is the problem of finding a suitable label for a political thinker quite complicated. The question of placing him among jurists, economists, sociologists and "philosophers" (as conventionally understood) cannot always be solved easily and to satisfaction.

At no point of time can any one slogan, category or "ism" explain all the diverse ideas and ideals, institutions and movements obtaining in a single country, no matter how small its area or population. To attempt discovering any single slogan or "ism" that would even remotely cover the heterogeneous political thoughts and activities of the world today is anything but reasonable. Naturally, therefore, although the period is as short as

somewhat above one generation the *advaitavadi*, monocratic or monistic effort is being discarded. And yet since a second volume is being placed with the public, short titles have to be found. The two volumes are being named as follows:

Vol. I. The Expansion of Democracy, Socialism and Asian Freedom (1905-1928), published at Madras (B. G. Paul & Co., 1928)

Vol. II. The Epoch of Neo-Democracy and Neo-Socialism (1929-)

It is understood that some other titles might be equally valid. The objective exhibition of the varieties in political speculation and activity, as present in every pattern, must not be lost sight of in any scientific consideration.

The period (1929-) of Vol. II has been subdivided into time-periods in several sections. The validity of these sub-periods is not beyond challenge. Nor can it be claimed that every item that has found a place in each section rightly belongs there as a support for the ideology implied in the sub-title of the section. A certain amount of arbitrariness and irrationality is being indulged in consciously and perhaps unavoidably.

For some of the dominant principles bearing on the author's own position in political science reference may be made to the Preface as well as Chapters I, V and VI of Vol. I. Two previous works may also be mentioned in this connection, namely, *The Science of History* (London, 1912, Madras 1930) and *The Politics of Boundaries* Vol. I. (Calcutta, 1926, 1938)

The first two years and a half (1929-31) of the period covered by this volume were spent by me in Europe as *Gastprofessor* at the *Technische Hochschule* of Munich as well as in connection with investigations relating to rationalization and economic trans-

formations in England, France, Czechoslovakia, Austria, Switzerland and Italy. Some of the lectures and articles in German, French and Italian arising out of these experiences have constituted a part of the data for the present work. My papers in French, Italian and German for the International Congress of Sociology (Brussels 1935, and Paris 1937), the International Congress of Population (Rome, 1931, Berlin 1935 and Paris 1937), the International Congress of Orientalists (Rome, 1935), and the *Hobbes-Gesellschaft* (Kiel, 1938) have been likewise utilized to a certain extent.

I have also made some use of my papers for the Indian Economic Conference (Dacca, 1936, Agra, 1936-37), the Indian Population Conference (Lucknow, 1936, Bombay, 1938) and the First Indian Political Science Conference (Benares, 1938).

Some of the sections have grown out of the discussions in Bengali held at the Bengali Institutes of Economics and Sociology, "International Bengal" Institute, Bengali Society for German Culture, Bengali Asia Academy, and Bengali Dante Society.

In the present volume, as in the preceding, care has been taken to use the original words, phrases and passages of the writers in question. Comments and criticisms have not been made elaborately or frequently. The aim throughout is an objective, nonpartisan survey.

In the background of the present volume have to be noticed my economic and sociological works in English published during this period, namely,

1. *Economic Development*, Vol. II. (1932, 1938).
2. *Indian Currency and Reserve Bank Problems* (1933, 1934).
3. *Imperial Preference vis-à-vis World Economy* (1934).

- 4 *Social Insurance Legislation and Statistics* (1936)
- 5 *The Sociology of Population* (1936)
- 6 *Creative India* (1937)
- 7 *Introduction to Hindu Positivism* (1937)
- 8 *Villages and Towns as Social Patterns* (1941)

To the above have to be added the following economic and sociological works in Bengali

- 1 *Ekaler Dhana Daulat O Aitshastia* (The Wealth and Economics of Our Own Times) Vol I The Diverse Forms of New Wealth (1930) Vol II The New Foundations of Economics (1936)
- 2 *Naya Banglar Goda Pattan* (The Foundations of a New Bengal) 2 volumes 1932
- 3 *Badur Pathe Bangali* (Bengalis in Progress) 1934
- 4 *Benglay Dhana Vijnan* (Economics in Bengali) Vol I 1937 Vol II 1939 edited by the present author in collaboration with the Research Fellows of the Bengali Institute of Economics
- 5 *Samaj Vijnan* (Sociology) Vol I 1938 edited by the present author in collaboration with the Research Fellows and members of the Bengali Institute of Sociology

The *Revue de Synthèse Historique* (Paris) *Deutsche Rundschau* (Berlin) *Annali di Economia* (Milan) *Zeitschrift für Geopolitik* (Berlin) *Kölner Vierteljahrshefte für Soziologie* (Cologne) *Revue Internationale de Sociologie* (Paris) *Archiv für Bevölkerungs-wissenschaft* (Leipzig) *Social Forces* (Chapel Hill N C U S A) and *Oriental Economist* (Tokyo) are some of the journals abroad in which the data of a few of the sections in this volume have been published by me during the period since 1929

Finally, it remains to add that the ideas expressed in this volume have been published in one form or other in connection with articles in the *Calcutta Review* (Calcutta University's journal), *Hindusthan Review* (Patna), *Indian Review* (Madras), *Indian Journal of Economics* (Allahabad), *Mysoore Economic Journal*, *Prabuddha Bharata* or *Awakened India*, *Commercial Gazette*, *Journal of the Indian Medical Association*, *Indian Historical Quarterly*, *Indian Culture*, *Insurance World*, *Insurance Herald*, *Insurance and Finance Review*, *Mahabodhi*, *Journal of the Bengal National Chamber of Commerce*, and *Aitihik Unnati* or "Economic Progress," as well as in the special numbers of the Calcutta dailies like *Advance*, *Forward*, *Liberty*, *Amrita Bazar Patrika*, *Ananda Bazar Patrika*, and *Hindusthan Standard*. The absence of specialized Indian journals for political science down to 1939 and sociology is to be noted with regret. The present position of political science in India has been discussed in my work entitled *Creative India* (Lahore, 1937).

Thanks are due to my wife, Mrs. Ida Sarkar née Stieler, who is responsible for the Index.

BENOY KUMAR SARKAR

CALCUTTA

May 22, 1942

CONTENTS

	PAGE
PREFACE	i v
CHAPTER III Ideas and Ideals of Economic Welfare	
SECTION 1 The Period of the World Economic Depression (1929 1932)	1
SECTION 2 The Epoch of Economic Planning in World Economy (1933 1939)	60
SECTION 3 The Second Round of the Anglo German War (September 1939-)	163
CHAPTER IV Ideas and Ideals of International Relations	
SECTION 1 The Versailles System under Challenge (1929 1932)	221
SECTION 2 The Triangle Germany Italy Japan <i>vis a vis</i> the Russo French United Front (1933 1939)	272
SECTION 3 The Second Round of the Anglo German War (September 1939-)	372
APPENDIX Post War World Economy (July 24 1941)	501
INDEX I Persons	543
INDEX II Regions and Races	550 558

CHAPTER III

Ideas and Ideals of Economic Welfare

SECTION 1.

The Period of the World-Economic Depression (1929-1932)

1929. Comparative Industrialism and the Equations of Applied Economics. In the *Journal of the Bengal National Chamber of Commerce* (Calcutta, June) the present author maintains the following position in regard to economic India *vis-à-vis* world-economy.¹

On the eve of a new constitutional agitation, the political workers and economic statesmen of India are facing once more the commonplace philosophy which says that certain races are incapable of some of the desirable qualities of human beings. In one form or another, this platitude is the stock-in-trade not only of the thinkers in Europe and America but of a very large number of Indian intellectuals as well. While the foreigners claim that India is *not capable* of constitutional and economic advance along the standard lines as embodied in Western history, a section of our own thinkers is prepared to meet them half-way by admitting that it is *not desirable* for India to move along the same lines. The grounds advanced by both these groups of thinkers are identical, and may be taken to be fundamentally as follows: The spirit, tradition or culture of India is, we are assured on both sides, different from that of the West.

1 See B. K. Sarkar: "Indiens Entwicklung im Vergleich zu Eur-Amerika" (*Deutsche Rundschau*, Berlin, July 1930).

This attitude in regard to India *vis-à-vis* the West is not, however, an isolated phenomenon in modern thought. It is part of an all embracing culture-philosophy which was born perhaps with Hegel (1770-1831) about a century ago and has never ceased to find expression throughout the last three generations."

Contemporary political and social thought is indeed "sicklied o'er" with the alleged distinctions between people and people on account of race, region and religion. But an objective approach to the realities of civilization, epoch by epoch and people by people, would not fail to demolish the pseudo scientific notions regarding the much talked-of diversities in outlook, mentality, achievements, consummations and what not, that have been prevailing in the world of science for some long time. Notwithstanding the divergences of latitude and longitude and notwithstanding the differences in the make-up of the blood among different races, anthropology as well as modern and contemporary history furnish us with what may be described as parities, equations or identities and, at any rate, similarities in the ideals as well as technical and other attainments of the historic nations of the world.

It is the purpose of this paper to invite the attention of scholars to some of these equations in the field of civilization. In the place of the traditional ideas regarding racial and geographical differences in the so called types of civilization we are presented with differences or distances in time only. These "social distances" are to be comprehended as "lags." The fundamental features of civilization, pragmatically considered, are found to

be the same. It is only proceeding step by step or rather stage by stage from epoch to epoch the differences between the peoples are but differences in the stage or epoch. The equations that are being established here reveal but the distinctions between earlier and later stages, between go ahead and backward peoples. The same features are appearing today in one race or region, tomorrow in a second, and the day after tomorrow in a third.

The "curves" of life in the economico-political theory and practice as manifest in the modern East are more or less similar to those in the modern West. If one were to plot out these curves diagrammatically one would notice that the Asian series ran almost parallel to the Eur-American. The "trends" of evolution would appear to be nearly identical in the most significant particulars and incidents of thought and experience.

The "exactnesses" of the mathematical and "positive" sciences are, however, not to be expected in the human and moral disciplines. But certain socio-philosophical "equations" may still be discovered in a comparative estimate of the East and the West. By placing the Asian curves in the perspective of the Eur-American one might establish a number of identities for the modern period,—although, of course, not without 'buts' and 'ifs'.

But, in any case, taking Asia as a whole one would come to the conclusion that the economic, political and social philosophies in the different regions of the Orient are mainly but repetitions of Eur-American developments in their earlier stages. The following economico-technocratic and socio philosophical equations may be established on the strength of positive data.

- (1) New Asia (c. 1880-1890) = Modern Eur-America (c. 1776-1832)
- (2) Young India (c. 1926-29) = Eur-America (c. 1848-70)

In the first equation, Asia comprises Turkey and Egypt, indicating that the entire Orient from Tokyo to Cairo was witnessing a technical and social transformation roughly corresponding to the remaking of the West during the epoch of the first "Industrial Revolution" (1776-1832)

The second equation has special reference to India, implying that Japan and Turkey as well as China, Persia and Egypt will have to be comprehended by separate equations not only for Hedjaz, Palestine, Syria and Iraq but also for Afghanistan which has for some time been enjoying lime-light as a somewhat serious and sincere youngster attempting the alphabet of modernism in technology, administration, economic life and general culture. The economic-technocratic and socio-political indices of Siam, Indonesia (Sumatra, Java, etc.), the Philippines and Indo-China have likewise to be summed up by appropriate equations of social distances or lags.

India is approximately two generations,—sixty to eighty years,—behind Eur-America. By Eur-America is to be understood not every region from Britain to Bulgaria and Portugal to Finland or from Alaska to Panama and Colombia to Chile. None but the more highly developed, i.e., relatively adult regions, e.g. England, Germany, France, the U.S.A. etc. are implied as being so many years ahead of India. More or less on the same technocratic-economic and socio-cultural niveau as India are to be found extensive regions like Russia, the entire "Balkan Complex" from the Baltic to the Aegean seas, Mexico and the major portion of Latin America. There are of course to be envisaged differences between these young regions too as between one adult-region like England and another, say, France.

In my lecture on *Die Entwicklung und weltwirtschaftliche*

Bedeutung des modernen Indien delivered at the *Technische Hochschule* of Stuttgart (Germany) in November 1930 the same equations of comparative industrialism are established.

These equations are exhibited in the following table.

Europe I	India I
1785-1830 France (1830) =Germany (1830) =England (1785 1800)	1793-1853 India (1793) =Europe (1784) India (1853) =England (1785) =France (1830) =Germany (1830)
II	II
1830 1870 Germany (1870) =England (1830 48)	1853-1885 India (1885) =France (1848) =Germany (1848) =England (1815)
III	III
1870 1905 Germany (1905) =England (1905)	1885-1905 India (1905) =Germany (1850 1860) =England (c 1830)
IV.	IV
1905-1930 The "Second" Industrial Revolution in full swing in Germany and England etc	1905-1930 India (1930) =Germany (1865-1870) =England (c 1830 48)

The existence of economico-technocratic lags or socio-political distances renders it impossible for backward or under-

developed, junior or young regions like India to attempt employing the methods and adopting the policies of advanced, hyper developed, senior or adult regions like England or Germany. The equations furnish useful hints in economic statesmanship.

This lecture is available as a chapter in the volume entitled *Indien* belonging to the *Auslandkundliche Vorträge der Technischen Hochschule* Series (Stuttgart 1931). In its final form the thesis can be seen in 'The Equations of World-Economy' (*Calcutta Review*, June 1941) based on the lecture at the University of Bombay (November 1940).¹

1929-32 The Hoover (Republican) regime in the USA² is functioning during the period of the world-economic depression. Agreement is secured between industry and labour in order to maintain wages. Programmes of private and governmental construction are stimulated. The National Credit Association is started to save banks from failure. Rail-road Credit Corporation is established. The capital of Federal Land Banks is increased. Reconstruction Finance Corporation brings protection to millions of depositors, policy-holders etc. A billion dollars are released in order to enlarge the discount facilities of the Federal Reserve System. The President acquires the power to modify the tariff rates without the sanction of the Congress. Reciprocal treaties are contracted guaranteeing equality of treatment. Moratorium is granted to Germany in regard to the reparations payments (1931-32). America takes part in the three-power Naval Con-

³ These equations were developed and stated for the first time in *Pol Phil*, Vol I (Madras, 1928) Ch VI, pp 324-332.

⁴ *The Availability of Bank Credit* (New York, 1932) and *Federal Finances* (New York, 1933), both published by the National Industrial Conference Board.

ference at London (1930) and the Disarmament Conference at Geneva (1932) Immigration is restricted by the quota-system

1929 Ernest Wagemann *Einführung in die Konjunkturlehre* (Introduction to the Theory of Conjuncture), Leipzig He furnishes a classification of economic regions according to the grades of capitalistic development It is possible to encounter a new form of disharmony in the absence of territorial uniformity This can be a fruitful source of economic disturbances or cycles He is not sanguine about the possibility of economic forecasting in any significant sense But he attaches importance to 'economic barometers'

1929 32 From *Bonifica* to *Bonifica Integrale*

Bonifica or land-reclamation commenced in Italy with the birth of this state (1861-70) as a simple measure of *lotta anti-malarica* (anti-malaria campaign) From 1876, the first year of *bonifica* legislation in action, down to 1923 it maintained its character as an agency in public health and sanitary reconstruction That year it began to get transformed into one of the most powerful planks in the entire applied economics, politics and sociology of Italy Corresponding to this factual or conventional transformation there was a change in the category also, namely, from *bonifica* to *bonifica integrale* The Act of *bonifica integrale* (comprehensive land reclamation) was passed in 1928

A very important departure was made in principle by the *bonifica* legislation of 1923 and 1924 The decrees declared state intervention admissible not only in regard to insanitary lands as heretofore but in regard to other lands as well Among such other lands were signalized those soils which found themselves in backward agrarian condition but were capable of being transformed by economic measures *Bonifica* was thereby defined

in law not only as the technical process of elimination of malaria and improvement of malarial lands from the *sanitary* aspects but also as comprising *economic* improvements. The period from 1923 to 1928 may be described as that of gestation for this tremendous revolution in the socio-agricultural economy of Italy in modern times.⁵

During 1926-27 decrees were passed favouring the economic transformation of backward soils. The breaking up of lands was thereby encouraged as well as motor-cultivation. Subsidy was promised to irrigation. One of the decrees had bearing on the improvement of agricultural credit.

The Act of 1925 was designed to promote deep ploughing (40-70 centimeters = nearly 16-28 inches) with steam-driven machines under state auspices.

From 1926 to 1929 the acreage brought under deep ploughing was 22,418 hectares (1 ha = 2½ acres). The outlay amounted to 4,626,689 liras.

The grants sanctioned for the period 1926-1930 were as follows⁶

- | | |
|-------------------------|-------------------|
| 1. For Irrigation · | 62,611,000 liras. |
| 2. For Water Research · | 3,810,000 liras. |

In September 1928 Mussolini issued a circular to the prefects saying that 500,000,000 liras would be granted annually by the

5 For *bonifica* during the first half a century of its operations see the chapter on "Italy's War-Budget Against Malaria" in B K Sarkar. *Economic Development*, Vol I (Madras 1926), based in the main, as it is, on *La Malaria in Italia ed i Risultati della Lotta Anti malaria* (Rome 1924) and the Report of the *Federazione delle Bonifiche* (Rome 1922)

6 *Annuario Statistico Italiano*, 1930 (Rome), p 188

Cassa Nazionale per le Assicurazioni Sociali (National Fund for Social Insurance), *Istituto Nazionale delle Assicurazioni* (National Institute of Insurance) and the Savings Fund Association. All these are Government institutions of Italy

Ruralism, rural politics, and rural uplift were the categories in the *Duce's* socio political messages of 1928.

On the occasion of the distribution of rewards (Oct 14, 1928) to the cultivators who had shown excellent results in the *battaglia del grano* (wheat campaign) Mussolini said among other things *Il tempo della politica prevalentemente urbana è passato* (The age of predominantly urban politics is gone) And the entire nation was initiated into the following *credo* which may be described in one word as agrar-demographic *Riscattare la terra, e con la terra gli uomini, e con gli uomini la razza* (Redeem the land, with the land the people, and with the people the race) *Bonifica* was already lifted to the level of a programme of active populationism on the one hand and agricultural expansion on the other⁷

This is an important landmark in the evolution of Mussolini's policy of *ritorno alla terra* (back to land) and *bisogna onorare la famiglia* (duty of devotion to the family)

On Dec 24, 1928 was passed the *Legge sulla bonifica integrale* (Law of integral or comprehensive bonification). It furnished the entire system of bonification with a strong rural stamp The orientations were diverted from the previous efforts¹ at urban improvement to the special needs of land reclamation in the villages and agrarian prosperity The measure is con-

7 Papi "Migrazioni interne e Bonifica integrale" (*Proceedings of the International Congress for the Scientific Study of Population Problems*) Rome 1931, Vol IX (Rome, 1933) pp 406 410

sidered by Fascists to be as important as the "labour charter" (*Carta del Lavoro*) of 1927 and is generally known as the *Legge Mussolini* (Mussolini Act).

The planned economy of *bonifica integrale* as decided on by the Mussolini Act of 1928 was to commence in 1930 and comprised the following scheme of execution in six items:

Categories	Value of Enterprise in million lire	Government grant in million lire	Period in years
1. Hydraulic Improvements	4,500	3,060	14
2. Irrigation, independent of <i>bonifica</i> in South Italy	300	204	14
3. Irrigation, independent of <i>bonifica</i> in Central Italy	500	200	8
4. Rural Buildings	500	340	8
5. Rural Waterworks	200	150	7
6. Farm roads	1,000	400	14
	<hr/> 7,000	<hr/> 4,354	

Some of the items were to be executed in full within seven years and others were to take as many as fourteen years. The Government was to be responsible for 4,354,000,000 lire so far as financing was concerned.

The economic planning of synthetic land-reclamation, like all other "plannings" in Italy and in other countries of Eur-America and Japan, is but an Italian edition of the Russian *Gösplan*, first, in regard to state initiative, state administration and state control, secondly, in regard to state financing, and thirdly, in regard to the fixed period of time in each instance during which the state planning was to be carried through.

Previous to the coming into operation of the Mussolini Act (1928) in 1930 several small agrarian projects were financed by

the Government. These may be enumerated regionally as follows in terms of money laid out:

1. North Italy:	72,458 liras
2. Central Italy:	1,223,165 "
3. South Italy and the Islands:	8,263,637 "

Total 9,559,260 liras

In order to carry out the provisions of the Mussolini Act an administrative reorganization was felt necessary. The ministry of economy was therefore transformed in 1929 into the ministry of agriculture and forests. It was provided with a general under-secretary as well as a special under-secretary for *bonifica integrale*. This new office was conceived as a unified governmental organ of a "totalitarian" character.

The functions of the Director of *bonifica integrale* were likewise defined by a decree passed in 1930. The details were to comprise hydraulic bonification, roads, mountains and rivers etc., rural houses, mechanical breaking up of soils, and irrigation. And naturally the Director was made responsible for coordination and centralized administration of the diverse interests.

The finances of bonification from 1870 to 1930 are indicated below:⁸

1. By State:	1,025,800,000 liras
2. By <i>cessionnaires</i> (private individuals and companies):	
i. State Subsidy	1,881,500,000 "
ii. <i>Cessionnaires</i>	923,100,000 "

Total 3,830,400,000 "

8 *Annuario Statistico Italiano* 1930 (Rome), p. 185.

During sixty years Government budget was responsible for 2 907,300,000 lire. The state responsibility in *bonifica* amounted to over 76 per cent of the total outlay.

The first minister of agriculture and forests under the Mussolini Act is Acerbo. In his judgment as declared in 1930, the year of assumption of office, *bonifica* has lost its primitive character as observed during the previous sixty years. The Mussolini legislation on *bonifica integrale* has endowed the country with the "instrument of rural mobilization". Ruralization has become thereby the 'fulcrum of politics', and the means of maintaining an increasing population.⁹

In February 1933 all previous land reclamation provisions are formally unified into a consolidating Act.

A great example of the new regime is on view when in December 1933 the bonification of the Pontine Marshes is officially declared complete. A new province, Littoria, is established and a new city, Pontinia, founded. The total area of this city covers 17,000 hectares. It is equipped with 200 kilometers of roads and 976 kilometers of canals (1 km = $\frac{5}{8}$ mile).

The Fascist Institute of Integral Land Reclamation (*Istituto Fascista della Bonifica Integrale*) is established by the Government in October 1934. Its creation is necessary in order to enable the *consortia* (associations or companies) to supersede landownership, if necessary, and promote land transformation. The finances are of course to be guaranteed by the state. Another prominent

9 Serpieri. *La Legge sulla Bonifica Integrale nel Primo Anno di Applicazione* (Rome 1931). G. Pajano. "Aspetti di alcuni Problemi della Popolazione" (a paper for the International Congress for the Scientific Study of Population Problems, Berlin 1935, published in *Bevolkerungsfragen*, edited by Harmsen and Lohse, Munich 1936, pp. 798-801).

object is declared to be the establishment of small farms on reclaimed land. The purchase of such lands by prospective farmers is to be facilitated by the system of payment by instalments.¹⁰

1929. Indian Capitalism in Kindergarten Stages.

1. The Present Position of Indian Banking.¹¹ Banking Enquiry like every other economic enquiry can have two principal objects in view:

(i) To make an objective survey of the existing credit facilities in the country with indications as to their shortcomings and (ii) To suggest methods by which the defects can be remedied and the banking and other allied institutions can be developed along sound lines.

In a semi-industrialized and mediocally-minded country like India modern banking has its most formidable rival in the traditional money-lending business of the *mahajans* (capitalists) and *banias* (traders) and to a certain extent of *zamindars* (land-owners). Those who have fluid capital are used to invest it in personal loans to *ryots*, householders and other persons in need. Moneylending has in every country been for a long time one of the most profitable and economically very fruitful fields of investment. India is not an exception in this respect. It is by competing with this traditional investment method that the pioneers of modern industry and commerce have been able

¹⁰ B. K. Sarkar: "Public Works in Fascist Italy" (*Calcutta Review*, October 1933), "The Creation of small Landholders in Fascist Italy" (*C.R.*, January 1934), "The Control of Unemployment in Italy" (*C.R.*, December 1934) and "Internal Colonization in Italy" (*C.R.*, March 1937).

¹¹ Interview with B. K. Sarkar published in the *Amrita Bazar Patrika* (Calcutta), 10 May 1929.

gradually to establish the new institutions of credit India to day finds herself in exactly the same position, viz, new methods of investment in competition with the old. The fundamental problem here is the banker *vs* the money lender.

Any objective investigation into the present conditions of the credit institutions of India will have to devote special attention to ascertaining the extent to which moneylending has been becoming less and less profitable and more and more risky. In other words, it will be very necessary for a band of statisticians to go about from business centre to business centre making enquiries about changes in the rate of interest during the last generation. My impression is that the level of the rate of interest has been falling and this is one reason why the monied classes are thinking of giving up the old investment methods and taking interest in modern banking.

I should suggest that a scientific study of the rate of interest and its changes during the last three decades should form an important point of interest with the Banking Commissioners. I do not believe, however, that moneylending as a profession in India is likely to disappear. Money-lenders have discharged a very useful function in the economic organization of our country as of other countries. And as in other countries in India also some of the prominent money lenders of to day will grow into what we called "individual bankers" or "private bankers". They may not establish joint-stock banks or limited liability banks, nor perhaps would they often care to go into partnerships with their peers. But I suspect, many of them will know how to modernize their tactics and function as integral parts in the money market. And in this regard, they will be looked upon as very honourable allies of organized banking.

Another topic to which I should like to invite the attention of the Banking Commission is the subject of business organization as prevalent among our traders and artisans. In this regard also modern banking encounters, if not a rival institution, at any rate, a tremendous handicap to a natural growth.

Our business people in the *mofussil* are not yet used to handling bills and commercial papers. The "cash habit" continues still in India to-day to be as powerful as it was long ago in the other countries which have now shaken it off. Unless our people learn to consider bills representing goods bought, sold, shipped,—in transit or in warehouse,—to be valuable instruments of exchange, it is impossible for modern banking to grow.

The phrase, "banking habit", does not mean simply depositing money in a credit institution for a short or a long period and learning to use cheques for sales and purchases. But the most important item in the "banking habit" is to be found in transactions in bills, discounting of bills, acceptance of bills and re-discounting of bills. In other words, as soon as we go beyond the "cheque habit", which I consider to be but a "Kindergarten aspect" in modern credit, we are face to face with the proposition that "banking habit" implies fundamentally the "bill habit".

It will be desirable on the part of the Commission to ascertain to what extent what I call the traditional "cash habit" is being replaced by the "bill habit" and it is perfectly clear to me, in any case, that steps have to be taken both by the legislature as well as through private commercial firms, chambers of commerce and industrial associations, to promote the "bill discounting habit" and to create a regular "bill market" here, there and everywhere throughout the country. The easiest form of these

bills will naturally be the documents representing goods shipped from bazar to bazar. Warehouses, goods offices and allied institutions will likewise have to be established as regular links in the system.

For the present, the question of industrial bills is perhaps likely to be premature. And although agricultural bills might be considered to be risky, a move might be made through the co-operative societies in order to create and popularize instruments representing raw produce as well as landed properties.

Altogether, in the interest of promoting the bill habit and establishing the "discount market", Government will have to create facilities for the speedy transfer of mortgages and mobilization of resources. Our peasants, artisans and merchants—all can be educated upto the handling of documents of modern credit. The law can help them to a certain extent. Individual firms of substantial importance can pioneer the movement to a great extent. And finally, the organised associations of merchants, industrialists and cultivators can carry on propaganda in behalf of modern methods of business organisation.

2. Insurance as Indian Business.¹² Since the Great War (1914-18) insurance has been receiving greater and greater attention on the part of middle class Indians, while particularly in Bengal three times more insurance is being done by the people than in the pre-war period.

Nothing indicates more vividly the progress of industrialization in India today than the growth of Indian insurance companies during the last few years. It has indeed run almost parallel to the growth of joint stock banking under Indian aus-

¹² Interview with B. K. Sarkar published in the *Englishman* (Calcutta), April 1929.

pices and is a good index to the development and accumulation of capital seeking investment in diverse enterprises

The 60 Indian companies are now commanding new business to the extent of over Rs 100 millions a year. This is nearly three and a half times the amount in pre war years. The premium collected has likewise risen nearly three fold from about Rs 12½ millions to something like 35 millions.

The non Indian insurance companies are today to be numbered at 20 and their premium fund is much less than that of the Indian houses. The non Indian companies do not command more than 42 per cent while 58 per cent belongs to the Indian. The rate of expansion of Indian companies will be apparent from the fact that even a few years ago their share was not much above 20 per cent. All this advance in insurance is to be interpreted of course as a sign of material progress and diversification of business activities. But the condition is still infantile.

But if we look at it from the point of view of policy holders it would appear to be solid evidence of the new outlook on life engendered in our countrymen in post war years. The people are learning more and more to look ahead and plan out the future. India is passing through a great social transformation. Perhaps this is to a great extent to be ascribed to the employees in railways, mills, factories, engineering works, banks, export import houses etc. It is these people employed in these are in the new industries who have been prominent in appreciating the value of insurance. And it may be taken that more industries will automatically create more policy holders or insurance buyers from among the technical and clerical staff. The more the new industries the wider the market for insurance.

The new spirit of "policy-seeking" or what may be described as "insurance sense" or "insurance-mindedness" is in no small measure due likewise to the great expansion in education, which is a marked feature of the times. It is with this advance of general and professional education that the growth of insurance sense is connected in no inconsiderable degree.

Insurance canvassers were regarded as a nuisance during 1905-14, but now they are treated as friends of families and respected as real benefactors of widows and orphans. Insurance agents have already been serving as genuine although silent forces in social reform. The movement is of course young.

A kind of pessimism seems to have attacked the non-Indian insurance houses as to the future of their business in India. But here there are two important considerations. First, it is only in life business that the Indian companies have been able to capture the ground. But in commercial and industrial insurance Indian houses are virtually nowhere. Not even 7 or 8 per cent of the entire fire, marine, motor and accident insurance is in their hands. Commercial and industrial insurance, like commercial and industrial banking, remains yet to be mastered in adequate proportions. Indian capitalism continues to be infantile.

The second point is the fact that should the non-Indian companies decide to invest their resources within Indian boundaries, much of the prejudice such as prevails against them at the present moment will disappear. Once the non-Indian companies begin to promote the industries and trades of India, they can be assured of commanding business not only in fire, motor, marine etc. but in life as well. And their business methods will serve also to teach the Indian houses some of the up-to-date

techniques of the insurance world. A deeper co-operation between the Indian and the non-Indian houses is thus very likely to materialize.

In the event of a new Insurance Act coming into force Indian publicists and businessmen will attempt to get some such provision codified regarding the investment of resources by the non-Indian concerns. And it may prove to be expedient for the non-Indian concerns to accept the provision in an optimistic spirit, because the expansion of capitalism among Indians cannot fail to raise their purchasing power and standard of living, thereby helping forward also the markets for foreign institutions.

As regards the investment of insurance funds, industrially and commercially backward as India is, the Indian companies are the exact opposite of American companies in investment policy. Whereas business and property absorb the lion's share in the United States, with us it is Government security. But it seems to me that in the near future the public works of corporations, municipalities, district boards etc. will loom large in the eyes of the insurance companies as fields for the employment of capital. Already some 20 per cent of their resources are being so employed, and the trend in this item indicates a slow but steady rise.

1929. Delaisi: *Les deux Europes* (The Two Europes), Paris. Europe is not one. There are two Europes. Europe A is the zone of industry-states. Finished goods constitute 60 to 75 per cent of the exports of these regions. They are as follows: Switzerland (73.1%), Germany (72.4%), England (72.0%), Austria (71.1%), France (69.9%), Czechoslovakia (65.8%) and Belgium (57.5%). The percentages of these exports are very low from the regions belonging to Europe B. The countries

are Sweden (39.5%), Holland (35.7%), Spain (25.8%), Norway (23.9%), Hungary (17.2%), Poland (13.9%), Portugal (12.8%), Denmark (11.1%), Bulgaria (2.8%), Russia, (1.0%) and so forth. Europe B is the zone of agricultural states. Cf. Woytinsky: *Die Tatsachen und Zahlen Europas* (Vienna 1930) and Reithinger: *Das wirtschaftliche Gesicht Europas* (Stuttgart, 1936).

The economic, constitutional and cultural diversities of Europe,—the differences of Central and Western Europe from Eastern and Southern Europe (Russia, the Balkan Complex and Italy) constitute one of the fundamental theses of my *Economic Development*, Vol. I. (Madras, 1926) and *Politics of Boundaries* (Calcutta, 1926).¹³ It is to a considerable extent on these distinctions in Europe between economic youngsters and economic adults that the "equations of comparative industrialism" and "socio-philosophical equations" are based."

1929, June. Shib Chandra Dutt: "A Study of the Economic Aspect of *Khaddar*" (*Journal of the Bengal National Chamber of Commerce*). The *charka* (spinning wheel) is at most a remedy for the present unemployment prevailing amongst the peasants—inasmuch as it provides them with work during idle hours. But the *charka* is not a real and lasting remedy for the grinding poverty from which India is suffering to-day. Indus-

13 See B. K. Sarkar: *Greetings to Young India* (Calcutta, 1927), chapter on "India and Western Countries" as well as *Political Philosophies Since 1905* Vol. I. (Madras, 1928), p. 10. See also *Economic Development*, Vol. II. (Calcutta, 1932) for charts about socio-economic equations and "lags." On the problem of lags see likewise his *Villages and Towns as Social Patterns* (Calcutta 1941).

trial and agricultural development is necessary if India's potential resources are to be utilized and if India is to be enriched according to the world standard. And in developing our industries and agriculture, our best efforts will have to be devoted to learning assiduously from the up to date experiences of the most advanced countries of the West and the East. It is in this direction only that the economic evolution of the land can possibly lie. Richard Gregg, author of *The Economics of Khaddar* (Madras, 1928) and others of his school of opinion may be satisfied with the idea of an economic betterment, the utmost aspiration of which consists in providing the people with mere food and clothing. And with this fundamental idea of theirs, they may not see anything beyond the *charaka* as the ultimate economic goal of India. We cannot subscribe to the view that mere food and clothing are sufficient for men's material life, or that the ideal of a high standard of living is a misguided one. Nor can we agree with them that industrialism brings in its train evils which are beyond human control, or that industrialism is alien to the genius of India. It is for these reasons also that we hold that the importance of the *charaka* is bound to grow less and less with the industrialization of the country and with the development of Indian agriculture. We must also say that, however urgent the needs of the masses, the *best efforts* of the nation *must be devoted to modernizing our economic life in every respect*. Difficulties there may be in the way, but if we shirk facing them boldly simply for the reason that they appear insurmountable, the result will be that the poverty of our countrymen will be removed to a slight extent only, even by the production of all our clothes in this country, and India will remain almost the

same happy hunting-ground of industrially advanced nations (both of the East and the West) as she is today.¹⁴

1929-30 German Thought on Economic India Books of general interest on India, dealing with recent history and modern conditions are not many in German Professor Horowitz's "*Indien unter britischer Herrschaft*" (1928) seeks to fill a gap, and it can serve as a good introduction to the study of modern India. The author knows India from long residence during 1907-1915 and has kept touch with Indian acquaintances as well as with official and non-official literature. He is by profession a specialist in Islam. So the historical treatment of India under British Government goes back to the Moghuls, nay, to the beginnings of Moslem culture. The author has made good use of the materials of *Census Reports* now summarized in various handbooks. The treatment of the commercial and industrial situation as well as educational and cultural progress shows intimate acquaintance with the events of the nineteenth century. The political developments have been traced both from the Government as well as the National Congress standpoints. The author has not indulged in any emotions nor has he burdened the reader with too many facts, but has sought to present the readers with an impartial and clear account of the Indian economics and politics of today including the situation in the Indian States and the position of the Indians overseas.

Schrader and Furtwangler's *Workingmen's India*—let us translate the title of the book "*Das werktätige Indien*" (1928) rather freely in this manner,—is interested chiefly in the textile

14 S. C. Dutt *Dharmapala Sakrethi* (First Lessons in Economics, Calcutta 1932) and *Conflicting Tendencies in Indian Economic Thought* (Calcutta 1934)

mill-workers of India. The authors have visited all the textile centres from Ahmedabad to Calcutta and from Delhi to Madras. And this they have done not in the now too familiar manner of Royal Commissions, but in the only manner desired of all serious students of economics and social science. Thus they have come into intimate personal contact with the men and women in their huts and derived benefit not only from the printed materials furnished by employers and government statistical departments, but also the first-hand information supplied by the workers and their leaders.

The authors describe the conditions of work in mining, railway and other industries as well. Details about wages and cost of living as well as family budgets seek to introduce the lives of the Indian proletariat to the German readers in a thoroughly realistic manner. The account of the Indian labour unions is almost exhaustive. The authors have given themselves pains to find out exactly in what particulars the differences of caste and creed may be said to make the labour situation difficult and are convinced that these differences do not in reality amount to much, so far as the conditions of the working classes and their unions are concerned.

The book should not be regarded exclusively as a labour manual on India. It is a fine study on modern India in its general economic and political developments and seeks to furnish the lay readers with a short historical survey. A book like this might well deserve to be translated into an Indian language with one or two incidental corrections in regard to facts. It is necessary to add that the authors were representatives of the German associations of textile workers deputed along with some representatives of English textile workers on behalf of the *Inter-*

nationale Vereinigung der Textilarbeiter in 1926-27 to study the industrialization of India on the spot and report on its bearings on the industrial position of the great powers

A pamphlet entitled "*Die weltwirtschaftliche Konkurrenz des indischen Industriearbeiters*" (1929) contains Furtwangler's lecture delivered at the *Handelshochschule* in Leipzig. The author discusses the possibilities of Indian industrial workers competing with the Western on the world market. He observes that the legislation for the protection of Indian labour has in the main been a measure for protecting British industries and watches how Great Britain has been compelled by the competition of U.S. and Japan to change her tactic. British capital is now co-operating with Indian in order to resist these intruders from both sides of the Pacific.

India's coal output is equal to that of Belgium, and her cotton spindleage has almost reached the German niveau. India is already an exporter not only to Indonesia and South Africa but even to Eastern Europe. The author notices that the untouchable *pariah* has been able to rise in social relations because of his contacts with other workers in the factories and mines, and that although the villages are miserably poor their natural habits of cleanliness help to keep their modest kitchens neat and tidy. In his estimation the traditional spirit of caste solidarity is a great factor in the modern trade union movement. He considers the *mistris*, qualified metal-workers, machinists, smiths, railwaymen etc. as on the whole not much below their Western colleagues in efficiency. But the textile workers in the Indian mills are very low-grade in skill and intelligence. The causes of comparative inefficiency of this latter class are to be found, says he, in their absence of industrial tradition, coming as they do in

the main from agricultural villages as well as in the low rate of wages and unspeakable conditions of life. But all the same, it is in the textile industry that India's future as a tropical country may be said to be assured according to the author. The industrial workers are in part well organised and, as he believes, are destined to play a great rôle in the national movement.

The author combats Western chauvinism which says that the East will "never" be able to exhibit such industrial capacities as are likely to be dangerous to the interests of the European workers. On the contrary, he is convinced that the industrial independence of India as well as China, indeed of Asia, is a fact of world economy, which no shrewd German should ignore, and he advises his countrymen to try to grasp the realities of the situation and export only such goods to these countries as the requirements of their own industrial developments may require.

The paper is written with much sociological insight and command over the fundamentals of contemporary international relations. Students of general economics and political science as well as of ancient and modern Indian culture will derive plenty of suggestive hints not only as regards methods and problems of research in *Indienkunde* but also in regard to practical orientations about the actual questions of the day.

Nobel was for a few months in India, and has written one or two books on his experiences. The present one, entitled *Indien* (1930), published by the Association of German Engineers (Berlin), is of a practical character. In a small compass the author has sought to serve his countrymen with facts and figures about the economic conditions in India. About half the book is devoted to the provinces and the states in regard to

which the principal articles and places of business importance have been noted. The chapters on the different branches of economic activity comprise communications by land, sea and air, agricultural products, mining and industries as well as currency and commerce. The publications can be taken as a small gazetteer or handbook of information for the commercial and industrial travellers of Germany. But he seems to have cultivated so little personal relations with business men, bankers, engineers and agriculturists, etc. of India that the publication reflects hardly anything of the industrial and commercial transformations that have been going on among the Indian people since 1905 and 1920. The reader fails therefore to obtain a living contact with the new technical and economic forces embodied in the Indian men and institutions of today, such as one might expect from a book written by a person who has travelled in the country.

Klötzel's *Indien in Schmelztiegel* or "India in the Melting-pot" (1930) arose out of journalism. The author is a newspaper man. He was sent out to India to report for the *Berliner Tageblatt*. As a journalist catering to newspaper readers the writer has sought to single out some of the "catching" incidents of Indian life and he has presented his stories in a delightful manner. His experience seems to be chiefly confined to Bombay, but he knows other parts as well. There is a leaven of humour in his style which makes his descriptions of Indian poverty and disease readable not without pity. He appreciates the work of the Indian Women's University, founded by D. G. Karve, whom he calls the Indian Pestalozzi. He has tasted a bit of the business organization of the 'Tatas and has not ignored the strength of labour as manifest in strikes. The

Youth Movement has attracted his attention. Altogether he has tried to exhibit some of the new creative tendencies in contemporary India.

1929 Jitendra Prasad Nayagi *The Evolution of the Indian Income Tax* (London). The existing rates of Indian income may be increased still further says he with justice so far as higher incomes are concerned without any injurious effect on industry and initiative.¹⁵

1929-32 *World Economic Depression*¹ The crisis through which the world is now passing should in reality appear to be but a station in the transition of entire man and to a somewhat higher level of life and thought. The second industrial revolution is consummating itself in its final forms in Germany, England, the U.S.A. and other regions of adult industrialism. It is however the first industrial revolution which is manifesting itself at the same time in countries or sub continents like India, China, the Balkan Complex, Russia and Latin America. The standards of living in the second industrial revolution may not be raised only to the extent of a simultaneous development of purchasing power by industrialization in the regions of the first industrial revolution. The two industrial revolutions of the present world economic depression constitute one socio-economic complex.

15 Compare B. K. Sarkar *Greetings to Young India* (Calcutta 1927) Ch. VIII Principles of Taxation (Part of a discussion at the Indian Economic Conference Calcutta Session 4 January 1927).

16 B. K. Sarkar *Applied Economics* Vol. I (Calcutta 1932) in the second edition entitled *Economic Development* Vol. II (Calcutta 1938) Shib Chandra Dutt *Conflicting Tendencies in Indian Economic Thought* (Calcutta 1934) p. 145. See also *supra* pp. 45.

1930. A. L. Bowley: *Some Economic Consequences of the War* (London). Social transformation is visible in post-war countries as a result of rise in prices. To the suffering classes belong the holders of consols, debentures and other fixed interest securities. On account of the rise in prices the municipal or state legislation has prevented the owners of working class and other house properties from raising their rents. House-owners therefore are sufferers. Among sufferers are likewise to be found salaried persons and pensioners. These classes are compelled to lower their standard of living and make fewer purchases, specially in the line of comforts and decencies of life as well as of cultural goods, comprising travel, recreation etc. On the other hand, new classes commence improving their standard and rising in the scale of culture as purchasers of goods of all sorts. To this class of gainers in post-war years belong investors because they get the same percentage on their investments whatever the level of prices. Such businessmen as increased their production during the period of rising prices are likewise in the gainers' group. Altogether, then, a redistribution in the ownership of capital and wealth is a marked feature of post-war countries.

The transfer of wealth has been unconsciously but effectively consummated, first, because of the rise in prices and secondly, because of their fall. In all belligerent lands, and especially in Germany the manufacturers and Governments have been relieved of all debts because of currency inflation. On the other hand, security holders and the middle classes have suffered. The graduation of income tax has led to a considerable redistribution of wealth in a silent manner. Super-taxes and death duties have served to diminish rapidly-made wealth, i.e., the

gains of profiteering. In England the railways have been transferred in 1921 to the Companies from war-time state administration on the understanding that the dividends must not exceed the pre-war limit and that the excess is to be applied to the reduction of rates. The public has thereby gained as consumers at the cost of the investors or capitalists. State subsidy for house-building as well as the stabilization of house-rents at the pre-war level have involved likewise a substantial transfer of wealth to wage-earners and middle class people.

1930, June. Sudha Kanta De: Japan in Indian Tariff Policy.¹⁷ It is necessary for us to be definite in our opinion as to whether we want to have Japan as our friend or foe. We are not speaking now of those inevitable political repercussions that follow an economic tariff war. We are thinking of economic efforts only.

In India, we are afraid, the economic consequences of the present enhanced duty and discrimination against Japan may be grave both for the Bombay mill industry and for the prosperity of the whole country. This is only the beginning of a tariff war between Japan and India and under unequal conditions.

A note of warning should be sounded here. We buy 75% of our commodities from England. Our exports to the United

17 Article on "The Cotton Tariff: Its Significance" in the *Journal of the Bengal National Chamber of Commerce*, Calcutta. See also his "Italy and India" and "Japan's Trade Position with India" (*Indian Commerce and Industry*, Calcutta, 1929); and "Franco-Indian Commerce" (*I.C.I.*, 1930). See likewise Shib Chandra Dutt: "Evils of Protection in regard to the Agricultural Classes" (*Arthik Unnati* or *Economic Progress Monthly*, 1928) and "The New Tariff Policy of Great Britain" (*A.U.*, 1932).

Kingdom are 25% of the total exports. This is an undesirable state of things. Our absolute dependence on England in regard to imports is artificial. We must establish a closer relationship with the other countries of the world. It is strange that we buy so little from countries like Germany, Japan, U.S.A., France and Italy. Our greater contact with these advanced nations of the world cannot but be to our good. So that any effort to disturb the balance between India and any of these countries is to be strongly deprecated. So we cannot in any way support the discrimination against Japan.

1930. The Coal Mines Act introduces the principles of "economic planning" in Great Britain in regard to the regulation of output by central and district boards. The fusion of collieries in the interest of efficiency is likewise envisaged.

1930-31. Cartels in Japan.¹⁸

A coal cartel has been functioning in Japan since 1921. The object is to regulate production by restricting it, raise the price, and tide over the depression which has been a post-war characteristic of the coal trade in Japan as elsewhere. In 1920 the total output was 29,244,000 tons. In 1929 it was kept as low down as 31,956,000 tons. Absolutely speaking, the figure is of course higher than in 1920. But without efforts at restric-

¹⁸ B. K. Sarkar in the *Journal of the Bengal National Chamber of Commerce* (Calcutta), December 1931. See also Wagenfuhr "Kartelle in Japan" in *Kartell Rundschau* Berlin Dec. 1930, and the chapter on Japan in *Die Wirtschaft des Auslandes* 1901-27, 1928, Berlin published by the Statistisches Reichsamt, Benoy Sarkar "Trusts and Rationalization Aspects of the New Industrial Revolution" as well as "Rationalization in Indian Cotton Mills, Railways Steel Industry etc." (*JBN C.*, September 1927 and December 1930).

tion it might have risen to dangerous proportions. Further restrictions are contemplated.

Attempts to cartelize pig iron can be traced back to 1924. The object at that time was to bring the private companies and the Government factories together under one public limited liability company. The project having failed, there was an attempt in 1925 to arrange between the private and the Government works a division of labour in output. There was no success in this attempt either. Finally in 1927 the Pig Iron Union was established having for its members three private companies, Mitsubishi, Mitsui, and Okura, and the Government works Mantsu. The headquarters of the Union are located at Anshan. It controls the entire production and regulates it according to a fixed system.

Wrought iron has been under the influence of cartels since 1927. The organization can be described in the following manner.

I *Kozai Rengokai* (Association of rolling mills) comprises the Government works Yawata and some private mills. This Union seeks to distribute the production among the members according to a quota. The headquarters are at Tokyo. Geographically the private works of the Association may be distributed as follows: (A) Eastern Kwanto Group: (1) Nippon Kokan Works (Tokyo), (2) Kamaishi Kozan Works (Hokkaido), (3) Fuji Seiko Works (near Tokyo). Total production (1929) 160,000 tons. (B) Western Kwansu group: (1) Seitetsu (Osaka), (2) Seikko (Kobe), and (3) Kokura (Asano). Total production (1929) 129,000 tons.

II *Tekko Hyogikai* (Association of private works) is not a regular union bound by contracts but a more or less loose

organization of wrought iron mills. It comprises 18 members, one of which, namely the Seiko Konwaki, is a union of thirteen works.

In 1930 the *Kozai Rengokai* decided upon a restriction of output and distributed the restricted quota among the Government and the private mills. Since then a centralized organization for the entire iron industry of Japan has been in contemplation. The project consists in uniting all the works under a common roof and establishing a semi-government company with 200,000,000 yens as capital. A common sales syndicate is to be a feature of this organization with power not only to control the output but to abolish unpaying works as well.

In steel industry the cartellization process since 1927 has given rise to the following groups:

I *Eastern Kwanto Kozai Hampa Kumiai* (East Japanese Steel Sale Union) comprising (1) the Japanese Steel Tube Co. (output 76,000 t), (2) the Fuji Steel Works (21,000 t) and (3) the Kamishiro Iron and Steel Works (47,000 t). It began as a price cartel which functioned in a rather loose manner because the prices agreed upon were not always observed by the companies. In 1928, however, the union was placed on a more secure footing.

II *Kwansai Kozai Hampa Kumiai* (West Japanese Steel Sale Union) comprising (1) the Kobe Steel Works, (2) the Osaka Iron Works and (3) the Ogura Steel Works and (4) the Asano Works. Total output 100,000 tons.

A feature of the present organization consists in the fact that the Government works Yawata manufacture certain kinds of iron which the private companies do not. In 1929 the Union of Japanese Steel producers decided to restrict the output

by 30 per cent in order to combat the fall in price. The total production was not to exceed 180,000 t. Another activity of Japanese steel cartels consists in the establishment at Kobe in 1929 of a Purchase-Union for pig iron. The Union intends to combat the almost monopolistic position of India in Japanese imports of iron by placing orders in Europe. Considerable curtailments of flat as well as round bars of steel are in contemplation.

A price cartel has been ruling the copper industry since 1930. The headquarters are at Osaka. The Fujikawa, the Fujida, the Mitsubishi and the other important companies have entered into an agreement to observe the price regulations in a stringent manner. The cartel discipline compels each member to deposit a cash at the central office by way of caution. The incoming receipts have likewise to be delivered at the headquarters.

The chemical industry is marked by agreements between the soda factories. The nitrogen works are not extensive enough to meet the requirements of the home market. A Nitrogen Syndicate has accordingly been established by the Government which has further placed at its disposal a loan of 50,000,000 yens.

The Union of Japanese Cement Works (reconstd. 1930) controls the output and distributes it among members. The more important works are located as follows: (1) Asano, 6 works (1,800,000 t), (2) Onoda, 4 works (500,000 t), (3) Toyokum, 3 works (278,000 t). The export is in the hands of two firms. The Union has come to the decision that only two companies, the Asano and the Jawaki, should specialize in high class cement. A large-scale reduction of output is in contemplation.

Not less is paper industry subject to the cartellization tendencies. The big nine factories manufacturing "modern"

paper have established a Union which seeks to restrict production. In the middle of 1929 the Union ordered a curtailment to the extent of 20 per cent. Those factories which exceed the quota allotted to each have to pay a fine. Towards the close of the same year the restriction in output was ordered at a much higher percentage namely 30 to 36 per cent according to the size of the establishments. These restrictions have not proved to be adequate enough to bring the total output down to the actual requirements of the home and the foreign markets. The latest tendency in this branch of industry consists in transforming the production cartel into a sales syndicate. Output is being restricted drastically. A merger is being planned by the Oji, Fuji and Karafuto Companies.

In regard to the porcelain industry the cartelization process is to be observed not so much in manufacture as in the organization of sales especially of exports. The Japan Porcelain Manufactures Exporting Association was established in 1928. Twenty factories representing a capital of 1,020,000 yens and 5,858 working men are members of this Association which has its headquarters in Nagoya. Japanese porcelain has been able to invade even the American, British and other European markets in a rather striking manner.

The cotton branch of the textile industry is controlled by the Cotton Spinning Association which represents 90 per cent of the weaving mills i.e. 1,180,000,000 yards (1926). It may be observed that the Mitsui Cotton Trust is a member of this Association. Rationalization has advanced so far that the recently introduced looms work 25 per cent quicker than the best American installations. The Association's control has been on the increase as well as the restriction of output.

Two unifying organizations look after the woollen industry. The *Nippon Yomo Kogyokai* is the association of manufacturers while the *Nihon Rashasbo Kyokai* (with the Eastern branch at Tokyo and the Western at Osaka) attends to the sales.

In the silk world of Japan it is possible to observe four different organizations. The oldest is the *Yotasha* established in 1889 which although describing itself as a co-operative society is essentially a capitalistic association. It seeks to place on the market the silk turned out by the machine using factories. The *Yotasha* has indeed served to popularize the replacement of handwork by machine work in the silk industry of Japan. The next association of importance is a post-war institution, established in 1927 under the name of the Japanese Imperial Silk Syndicate. It is a public limited company with 50,000,000 yens as capital. Its chief objects consist, first, in buying raw silk up at a fixed price, should the market conditions require it, at a rate rather lower than the bazar price, and secondly, in offering credit on the deposit of raw silk. The third centralizing institution, namely, the Central Silk Association, is of older standing. But an event of importance is of recent date. In 1928 a credit of 37,500,000 yens was offered to its members in order that 50,000 bales of raw silk might be removed from the market. The fourth institution embraces practically all the manufactures and may be described as an Industrial Silk Cartel. It was established in 1928 with the object, first, of fixing the price in a uniform manner and secondly, of controlling the output. It is clear that the entire silk business of Japan from cultivation to the marketing of manufactured silk is cartellized and that these organizations might with profit be studied in detail by the jute, cotton, and other agricultural interests in India.

The artificial silk (rayon) industry came under a cartel in 1927. A restriction in output to the extent of 20 per cent has had to be ordered on account of over production. Fresh curtailments are being planned.

The flour mills have likewise been organized with a view to the control of output. There are three big associations which embrace 90 per cent of the total production. The Wheat Flour Joint Sales Association was established in 1930. The Crab Meat Packers Sales Gild has been established as the sole sales agent of all firms, large and small. Fishers deliver the goods to this gild which buys them up on part-payment system and places them on the market at its own risk. A solidified oil sales gild as well as a sugar milling association have been established in 1930.

The industrial production and commercial activities of the Japanese people have grown important enough to be intimately mixed up with the industry and trade of other peoples. This aspect of Japan's connecting links with the different factors of the world-economy is manifest in a number of Japanese participations in international cartels and conventions. There is, for instance, a German-Japanese "gentlemen's agreement" to the effect that Germany would not export to Japan those chemical goods which are manufactured at home under a subsidy of the Japanese Government. In 1927 the artificial silk interests of Italy tried to come to an understanding with those of Japan with the object of fixing a quota in regard to exports to the Chinese market. The discussions have borne some definite fruit, as we shall see later. Further, Japan is a member of the International Quinine Convention along with Great Britain, Holland and Java (Indonesia). The convention came into formal existence in 1913 and has been renewed in 1923.

The most valuable participations of Japan in international economy are to be noticed in the shipping line. The *Nippon Yusen Kaisha* (with 152 ships, 886,000 tons), the *Osaka Shosen Kaisha* (104 ships, 48,173 t), and the *Toyo Kisen Kaisha* (13 ships, 106,515 t) are members of the Pacific Convention established in 1912 along with American and British companies. Japanese shipping interests are likewise represented on the Far Eastern Homeward Conference established in 1922 with the object of fixing the freights and conditions of transport on a uniform basis. Other international shipping pools in which Japan has a place are the East Asia Conference and the Dutch India Conference. In the former along with Japan the British, the Dutch, the French, the German and the Scandinavian lines participate, and in the latter the Dutch and the German.

In artificial silk Japan is already a member of the international cartel which embraces the British Courtaulds Company, the German *Glanzstoff-fabriken* and the Italian *Snia Viscose*. The electric bulbs cartel was in pre-war years confined to the European countries. Since the war Japan as well as the USA have been participating in this international institution for the regulation of prices and control of output.

1931. Labour India and World Economy.¹⁹ In the entire world there is an organized labour force of some 50 million men and women, and in this India is responsible for only half

19 B. K. Sarkar. Lecture at Albert Hall, Calcutta, November 1931. See his *Badur Pathe Bangali* (Bengalis in Progress), Calcutta, 1935 and *Naya Banglar Goda Pattan* (The Foundations of a New Bengal), Vol II (Calcutta 1932), cf P. K. Mukherjee *Labour Legislation in British India* (Calcutta, 1937) re Sarkar's conception of neo-capitalism.

a million. Per 10,000 inhabitants Germany is the only country with more than 2000 workingmen as members of trade unions. The United Kingdom is somewhat below Germany. Czechoslovakia, Austria, Denmark and Belgium belong to the class of countries with somewhere between 1000 and 2000 members of unions per 10,000 inhabitants. India with only 16 unionists per 10,000 happens to be the very last in the scale of some thirty nations, and her neighbours are Japan with 43, Yugoslavia 50, Rumania 53 and Bulgaria 75. The quantity, quality and variety of trade unions are indices not only to the modernness of a people and efficiency of a country in the industrial and technical sense but also to the progress of mankind in individual and collective freedom as embodied in democracy and socialism as well as neo-democracy and neo-socialism.

1931. Theo Suranyi-Unger²⁰ (Szeged), Hungarian: *Geschichte der Wirtschaftsphilosophie* (History of Economic Philosophy), Berlin. Economics was for a long time but a part of general philosophy. The physiocrats used to call themselves economic philosophers. The moral philosopher, Adam Smith, did not think that he went out of his sphere while writing a work on the wealth of nations. Economics has now become an independent science. But its contacts with philosophy are not less in evidence today than they ever were.

Every economic policy is influenced by one or other or all of the three philosophical tendencies, namely, metaphysical, ethical and sociological. The diversity of the policies arises from the differences in the intensity of each of these standpoints. From the medieval Christian economic policies to those of the

20 Author of *Economics in the Twentieth Century* (London, 1931).

latest forms of anarchism the influence of world-view, metaphysical, ethical or socio-philosophical, is quite in evidence.

In the paper entitled "Über die Ausgangspunkte der Volkswirtschaftspolitik" (Origins of Economic Policy) published in *Schmollers Jahrbuch* (Munich), 1928, Suranyi-Unger says that the highest object of the state is assurance of the spiritual and material welfare of the entire people. Its first necessity is external and internal defence. The cultural, economic and military interests of the state constitute its primary objectives. Economic policy consists in bringing together the resources and distributing them among the primary items. There can hardly ever arise any conflict between economic policy and the primary objectives of the state. But among the three primary objectives the possibilities of conflict are to be noted, and these may arise from the value attached to one or other of the metaphysical, ethical and sociological standpoints.

1931-1933. Two Agricultural Marketing Acts in the United Kingdom serve to co-ordinate the sale of agricultural products by establishing co-operative selling agencies. Economic planning is quite in evidence also in the establishment of marketing boards.²¹ British planned economy is not of the Russian type.

1931. The Industrialism of Young Bengal.²² It is rather late that the Bengalis have commenced the A.B.C. of modern industry and commerce. Compared to the English people the

²¹ W. Milne Bailey *Trade Unions and the State* (London, 1934) pp. 343-345

²² B. K. Sarkar while opening the Industrial Exhibition at Berhampore (Bengal) in connection with the Provincial Political Conference, December 4, 1931. See S. C. Dutt *Conflicting Tendencies in Indian Economic Thought* (Calcutta, 1934) pp. 215-219

late-comers in world's industrialism were the French, Germans, Italians and Japanese. Youngsters also grow and become powerful. The industrialism of Young Bengal is likely to be a source of inspiration to the backwards in India as well as in the rest of Asia from China to Arabia and in Africa. Nay, the *Swadeshi* (national industry) movement of Bengal which commenced with the "ideas of 1905" is going to be appreciated in the annals of world-economy as qualitatively belonging to the same rank as the industrial nationalism of the Russian *Gosplan* and the economic patriotism of Fascist Italy. Only, Young Bengal's success is modest.

1931. *The Social Aspects of Rationalisation* (Geneva). This document, published by the International Labour Office, throws light on the extent to which technocracy is responsible for unemployment in the world economic depression.

1932. The first *Gosplan* (State planning) in Soviet Russia is consummated in 4 years and 3 months from October 1928 to December 1932 (see Vol. I., pp. 248-252). In regard to mechanization and industrialization it may be observed that several old industries have been reconstructed and entirely new industries created. To this latter group belong (i) machine-building, (ii) automobile, (iii) tractor, (iv) motor, (v) aviation, (vi) shipbuilding, (vii) black and non-ferrous metallurgy, (viii) electro-technique, (ix) rubber and (x) chemical industries. Production (1932)=3 Production (1913)=2 Production (1928). Technocratic autarchy, i.e. self-sufficiency has been achieved to a considerable extent in almost every kind of machinery and in synthetic rubber. The achievement is tremendous.

So far as agriculture is concerned, collectivization has covered two-thirds of peasant households (Total households in

Russia number 15 millions) The collectivization has been consummated with financial aid from the Government The collective farms are known as *kolhoz* and are to be sharply distinguished from the state farms called *souhoz* Collective farms are produced by uniting individual peasant holdings The holdings are *private* but are united for the purposes of cultivation Not more than 10 or 11 per cent of the total cultivated acreage is under state farms (*souhoz*)

The collective farms (*kolhoz*) constitute 66 per cent of all farms but they command 74 per cent of the total cultivated acreage Nearly 15 per cent of cultivated acreage is in private or individual control That is 20 per cent of all peasants in Russia are free owners in other words neither belonging to the collective nor to the state system It has to be observed further that the peasants of the collective system (*kolhoz*) are likewise free Private property has not yet been rung out entirely

Industrialization and technocracy must not be considered to be the sole features of Soviet economy These are the integral features of all bourgeois economy In these items there is no distinction between any capitalistic country and Bolsheviki Russia The fundamental *differentium* of Soviet economy is the

23 *Bolshevism Fascism and Capitalism* (New Haven 1932) pp 34 35 39 Harry Barnes *History of Western Civilization* Vol II (New York 1935) pp 1002 1004 1008 *Summary of the Fulfilment of the First Five Year Plan* (Moscow 1933) See also the extensive discussion of the communistic as distinguished from the socialistic tendencies and achievements of Soviet Russia in B K Sarkar *Villages and Towns as Social Patterns* (Calcutta 1941) For the evolution of political thought—Leninism I and Leninism II see *Pol Phil* Vol II Part I (1942) pp 38 58 84 87

abolition of private capital, private savings and private profits Russia's achievements in these socio-economic fields down to the end of 1932 are no less epochmaking than in the industrial-technocratic

1932 The Ottawa Agreement of 1932 which introduces Imperial Preference throughout the British Empire is as great a landmark in the tariff morphology of nations as the Cobden-Chevalier Treaty of 1860 and the *Deutscher Zollverein* of 1833. As an aid to the increase in the purchasing power of Indian agriculturists Imperial Preference should be appraised as a source of inspiration to the German and American exporters. Besides, the industrialization of India is also likely to be promoted by this new tariff.²⁴

1932 The British Labour Party's in the annual conference at Leicester adopts a resolution on currency, banking and finance such as advocates (1) a "managed" currency which would stabilize internal wholesale prices at a "suitable level" and would seek the maximum stability of foreign exchange rates consistent with this, (2) the nationalization of the Bank of England, its day to day business to be conducted by a governor under the general direction of a Cabinet Minister as well as the nationalization of joint stock banks and (3) a national investment board to prevent "waste and misdirection" of long-term capital by regulating new public capital issues

24 B. K. Sukar *Imperial Preference vis-à-vis World Economy* (Calcutta, 1934). For an opposite viewpoint see C. N. Vakil *The Ottawa Agreement* (Bombay 1932).

25 E. F. Wise 'The Socialization of Banking' in the *Political Quarterly* (London, 1933).

1932 The Maternity Benefit Acts of Bombay (1929) and the Central Provinces (1930) happen to be the only embodiments of what may roughly be described as the nearest approaches to the rudimentary beginnings of health insurance legislation in India. The conditions in India are certainly very far from those in Europe and Japan where legislation has rendered the entire community (comprising thereby the employer as well as the state) to a great extent responsible for the workmen in regard to their personal insurance. The health and efficiency of the workmen and clerks or ministerial officers is today like their wages and salaries really a first charge on the management of mills, factories, workshops, banks and other employment centres. Employers are compelled by accident, sickness, old age and unemployment insurance legislation to provide for hospitals, clinics and sanatoria. In these developments one can see the rôle of capital and capitalists or bourgeoisie somewhat nationalized or socialized. A *rapprochement* between capital and labour on the lines of *solidarisme* or class harmony (as opposed to class-struggle) is in evidence. The situation may be described as neo-capitalistic or neo-socialistic and goes back to the Bismarckian social insurance legislation of 1883-1889.²⁶

1932 Charles Gide *La Solidarité* (Paris). The "mutual solidarities" were expected by classical economics to produce the harmony of interests between the employers and the workmen. But new solidarities are being discovered, says Gide.

26 B. K. Sarkar "Insurance for Workingmen", lecture at the Indian Insurance Institute, Calcutta (2 April, 1932), summarized in part in the *Insurance and Finance Review* (Calcutta, April, 1932). See his *Badur Pathe Bangali* (Bengalis in Progress) Calcutta 1934 chapter on "Labour Power and National Welfare", pp. 211-216.

These are the desired-for, deliberate and conscious solidarities. The injustices of natural solidarity bid fair to be redressed by legislation. Thus, for instance, private property is being maintained as a "social function" and therefore subject to restrictions as demanded by public interests.

1932 The diminution of exports is a universal phenomenon during the world-economic depression (1929-32). Nearly three dozen countries sustain a decline in exports exceeding 50 per cent in the course of four years. In five countries, namely, Chile, British Malaya, China, Uruguay, and Austria the decline is heavier than in India and ranges between 71 and 84 per cent. India's position which is measured by a decline of 70 per cent is almost identical with that of the U.S.A. (69 per cent) and Hungary (68 per cent). All the same, the trade balance of India has been improving, as is evident in the figures of export surplus from April 1930 to September 1933.²⁷

1932. Benoy Sarkar "International Cartels"²⁸ (*Journal of the Bengal National Chamber of Commerce*, March)

The name of cartels in the economic world today is legion. In Europe alone it is possible to enumerate some 1000 cartels, and of these some 150 to 200 may be described as international, i.e., not circumscribed within the political boundaries of a single state. Perhaps not all of them are cartels in the strictest sense of the term. Some of these are undoubtedly nothing but

27 B. K. Sarkar "The Problem of Correlation between Exchange Rates and Exports" (*Indian Journal of Economics*, Allahabad, October 1937)

28 Woytinsky *Tatsachen und Zahlen Europas* (Vienna, 1930). Fischer and Wagenfuhr *Kartelle in Europa (ohne Deutschland)* (Nurnberg, 1929)

understandings and conventions in regard to certain lines of industrial or commercial enterprise. But all the same attempts to regulate and control economic activities in a uniform or centralized manner on an international scale are some of the latest features in the business organization of mankind. Among the most powerful foundations as well characteristics of the prevailing world economy the international cartels deserve a prominent place. But all this need not imply political world peace.

The participation in international cartels is however not uniformly distributed among the economic regions of the world even of Europe. The countries may be arranged in the following manner according to the approximate number of international cartels in which each country takes part (down to 1928)

1 Germany	63	17 Rumania	8
2 Czechoslovakia	46	18 Denmark	8
3 Austria	44	19 Japan	6
4 France	43	20 Spain	5
✓ 5 Great Britain	37	1 Luxemburg	5
6 Belgium	33	22 Lithuania	3
7 Holland	25	3 Latvia	3
8 Hungary	24	24 Estonia	2
9 Italy	20	25 Brazil	1
10 Sweden	18	26 Chile	1
11 Norway	17	7 Argentina	1
12 Switzerland	14	28 Canada	1
13 Poland	13	29 Indonesia	1
14 Finland	11	30 West Africa	1
15 Yugoslavia	11	31 South Africa	1
16 USA	10	32 Turkey	1

The internationally cartelized goods again are naturally enough very valued. They comprise (1) coal and coal derivatives

(2) potash, (3) magnesite, (4) steel and pig iron, (5) cast iron and wrought iron, (6) rails and tubes, (7) wire and plates, (8) aluminium, (9) bismuth, (10) zinc, (11) cement, (12) marble, (13) plaster of Paris, (14) mirror glass, (15) bottles, (16) paste board, (17) wrapping paper, (18) cellulose, (19) chemicals, (20) dyes, (21) quinine, (22) iodine, (23) artificial silk, (24) artificial wool, (25) felt hats, (26) enamel, (27) rubber, (28) electric bulbs, (29) mantles of glass burners, and so on. The list is extensive indeed, covering as it seems to do nearly every article of importance that happens to be produced in more than one country. One might almost assert that, whenever production is shared between several countries and is therefore politico-geographically international there has come into existence an international cartel in order to pool the interests of the producers and at any rate remove or mitigate the wastes of unnecessary competition. This is tantamount to rationalization on the international plane.

Capitalistic internationalism as embodied in international cartels is indeed prominent in Germany, but not less significant in France and Great Britain, as the above table would indicate. The smaller countries of Europe, like Belgium and Holland, Norway, Sweden and Denmark, as well as Czechoslovakia, Poland, Yugoslavia, Rumania, Hungary and Austria look considerably international in statistics. An explanation is obvious. As economic units these regions are naturally too limited in area to be more or less self-sufficient and independent of neighbours in economic activities. The functions of internal or inland trade in fairly large-sized countries assume the form of "foreign commerce", i.e., exports and imports in the smaller ones. Some of their most ordinary bazar activities must, therefore, appear formally international. This is, *en passant*, one reason why for put-

poses of international economic comparison, the index of so-called exports and imports with reference to smaller countries is invariably misleading, when placed in the perspective of the indices of foreign trade with reference to the larger ones.

Wagemann in his *Einführung in die Konjunkturlehre* (1929) classifies capitalistic regions on the basis of foreign trade indices. It is somewhat on the same principle that Europe A and Europe B have been demarcated by Delaisi in *Les deux Europees* (1929). Both treatments are fallacious within certain limits. The distinctions between one economic region and another have to be established on more than one basis. The question of the region's size and area *vis-à-vis* the form of economic developments has always to be envisaged in the evaluation of capitalism.

The situation in regard to production is not identical with that in regard to trade but is to a certain extent similar and allied. In the case of the "succession states" of the old political unit, Austria-Hungary, especially, it is to be noted that it is just because of the Peace Treaty of 1919 that many of their functions in production and commerce (which would have been regarded as home, inland or national) figure today in the statistics of international enterprises. From the standpoint of large countries like the United States of America, China, India, and Russia, the category "international" or "foreign" as applied to the conditions of the political units of Europe will always have to be cautiously interpreted by the students of statistics.

With these limitations, international pooling in production may in a certain degree be treated as an index to the grade or extent of the "second" industrial revolution consummated in each economic region, especially in the larger countries like

Germany, France, Great Britain, Italy, etc. An important feature lies in the fact that in many of the international cartels in which France is a member, Germany is a member too. Germany's participation in those cartels which have Great Britain also as a member is likewise another characteristic of these international understandings. The following schedule describes some of France's poolings with Germany and others.

- 1 International law steel union between France, Germany, Belgium, Luxemburg and Silesia
- 2 Pipes and tubes France, Germany, Belgium, Czechoslovakia, Hungary and Poland.
- 3 Socket-joints and drill tubes France, Germany, Belgium and Czechoslovakia.
- 4 Rolled wires France, Germany, Belgium, Luxemburg and Czechoslovakia.
- 5 Machine-wires France, Germany, Belgium and Luxemburg
- 6 Wire-railings France, Germany, Belgium, Great Britain and Austria.
- 7 Potash France and Germany.
- 8 Canalization pipes and seamless pipes. France, Germany, Belgium, Czechoslovakia and Poland
- 9 Dyes and celluloid France and Germany.
- 10 Glue (of bone dust) France, Germany, Great Britain, Italy, Belgium, Holland and twelve other European countries.

Some of the other international cartels in which France plays an important part have for their subject-matter the following goods (1) pig iron France, Belgium and Luxemburg; (2) phosphorus pig iron France, Belgium and Luxemburg. (3) steel pipes, so far as their export and sales are concerned. France,

Belgium and Saar, (4) iron France and Italy, (5) ferronanganese. France and Sweden

Great Britain is not a member either of the West-European coal cartel or of the international steel union. But none the less is British participation in international capitalism a striking feature of contemporary world economy. Great Britain finds herself side by side with the U.S.A. exclusively or among others on such international cartels as deal with (1) tin, in regard to marketing and price, (2) copper, in regard to marketing and price, (3) tyres, (4) explosives, (5) artificial silk, (6) Glauber salt, etc. In the last three fields mentioned here, German industry also is among the partners of British industrial combines on the international plane. Great Britain is, further, participant along with Germany in cartels such as deal with (1) wires, in regard to sales, (2) gas mantles, in regard to manufacture, (3) bismuth, (4) bottles, (5) white lead, (6) linoleum and (7) gramophone. On some of these France also is among the partners.

Italy's place in capitalistic internationalism is not as great as that of Germany, Great Britain or France. But it is mentionable. With the U.S.A. she has an understanding in regard to sulphur, and with Spain in regard to quicksilver. Some other international cartels in which Italy may be regarded as a prominent partner have the following goods to regulate: (1) marble for which there is an understanding between Italy, Germany and Britain, (2) artificial silk. Italy, Germany, Great Britain and France, (3) felt hats, in regard to marketing in the Balkans.

With the international capitalism of Europe the United States of America do not happen to be mixed up in a prominent manner. Her participation in international cartels is of a rather subsidiary character, more or less as an appendix, so to say, to

Great Britain This comparative absence of participation on the part of the U.S. in international cartels is but another index to American isolation, relatively speaking, in world economy. Most of the American goods do not touch, and therefore, do not compete with European products on European or other markets. Foreign trade still plays the second fiddle, and the home market still looms large enough, in American business. Hence the rather noteworthy poverty or absence of "entangling alliances" in the world's economic sphere.

Japanese cartels have been dealt with previously. Their international bearings have also been touched upon (*supra*, pp. 30-37).

1932 Industrial Fatigue, Industrial Psychology and Labour Welfare The Industrial Fatigue Research Board (London) investigates the bearings of working conditions and methods on industrial fatigue, paying due regard to output and the preservation of the workers' health. The Board encourages, organizes, and facilitates, by financial or other means, research work in different industries undertaken with a view to discovering the best practice as regards hours of work, breaks, etc. The results of the research work carried out hitherto are now embodied in a considerable number of reports dealing with industrial accidents, rest pauses, repetitive work, vocational selection and guidance, time and motion study, etc. Particular attention has been paid to the mining, metal-working, textile, boots and shoes, pottery, glass and laundry trades.

The work of the National Institute of Industrial Psychology embraces the following matters: movements of the worker, methods of training, selection tests, the reduction of monotony, interest in work, the distribution of working and rest periods,

the reduction of waste, the arrangement of materials, the lay-out of factories, and the effects of lighting, ventilation, etc on efficiency

Like the Industrial Fatigue Research Board, the National Institute of Industrial Psychology undertakes research work in different industrial establishments and investigates particular cases as they arise

The Association of German Industrial Doctors (*Arbeitsgemeinschaft der deutschen Gewerbeärzte*) has enunciated a number of physiological principles. They read as follows

1 All protracted work—physical or physiological—should be interrupted by rest periods, otherwise, there will be an excessive increase of fatigue, and a considerable decrease of productive capacity. The need of rest periods has been proved by scientific research and practical experience alike

2 Rest periods should be granted during working hours. It is injurious to the workers' health to suppress rest periods during working hours on the pretext that the men can rest themselves sufficiently at the close of work. The fixing of the time and duration of breaks will depend upon the nature and the duration of the work. In addition allowance must often be made for external circumstances (time of trains, etc)

3 Output normally diminishes towards mid day. The daily curve of physiological activity descends then, indicating that it is at mid-day that the main break, for rest and meals, should occur

For this double purpose an effective break of at least an hour must be fixed, assuming that the worker has not far to go from the workshop to the place where he has his meals. If this distance is considerable the break should be lengthened proportionately. A similar extension should be allowed in favour of,

employees working with toxic substances so as to enable them to cleanse themselves properly and to change their clothes

For the benefit of workmen who, for reasons of distance, cannot take their meals at home, refectories should be installed near the workshop. If they are attractively furnished they will help to rest the workers

4 The (English) unbroken working day is a product of large towns. Certain superficial advantages of this system are set off by considerable disadvantages from the point of view of industrial physiology—disadvantages proving that this mode of organising the daily work cannot pose as the only one that is equitable. The essential prerequisites of an unbroken working-day are a nourishing breakfast before work is begun, and a short break at mid-day for a second meal, which, wherever possible, should include a hot dish (tea or soup)

5 In addition to the main break, secondary breaks should be allowed. For certain kinds of work, breaks or periods of slackening off are imperative, where they are not granted there should be one break of ten to fifteen minutes in the morning, and another of equal length in the afternoon. The suitable moment for, and the duration of, these breaks will depend on the special circumstances of each case. If work is begun very early, for example, and the men have to travel a long way to the workshop, a fairly long break in the first part of the morning will be required. In some cases so called "short hours" (*Kurzstunden*), consisting of fifty minutes' work and ten minutes' rest, may prove efficacious

1932 Benoy Sarkar. The Economy and Sociology of Poland. The economic and social data of modern India may be placed in the sociological *milieu* of Znaniecki's *Polish Peasant*

in *Europe and America* (New York 1918 20) In the peasants of Poland may be found some of the comrades, cousins, duplicates and analogues of Bengali and other Indian peasants In comparative economics and comparative sociology the equations or parities between India and Balkan Eastern Europe are hardly talked of and are not yet quite well known But these socio-economic equations are significant as theoretical contributions to modern philosophy and have deep practical values as well in regard to economic statesmanship and societal planning with special reference to semi-developed regions (*Supra*, pp 4-5 19 20, 27)

The analysis and comparison may be carried on item by item For instance, in regard to the relations between foreign and indigenous credit institutions Poland should not appear to be in a condition different from that of Bengal or, for that matter, of India in so far as bank-capitalism and bank administration are concerned In 1929 there are 281 banks functioning in Poland The total deposits amount to 2,710 million Zloties (Rs 32 = z1 100) Not more than 33 per cent of the deposits is to be found in the indigenous banks "Private" joint stock banking is not an important factor in the financial structure of the Polish people And in this, again, the foreign element is substantial The *Bank Dyskontowy Warszawski* (Discount Bank of Warsaw) is dominated by the *Oesterreichische Creditanstalt* of Vienna The Harriman & Co of New-York, the *Banca Commerciale Italiana* of Milan, the Hambros Bank of London, and other foreign institutions are the shareholders of the *Bank Handlowy* (Bank of Commerce), Warsaw And so on The purely foreign banks of Poland are of course to be counted extra The chief feature of Polish sociography is furnished by the fact that the

deposits of the Polish people are commanded by such indigenous banks as are under foreign control²⁹ The financial structure of India and, of course, of provinces like Bengal also is similar, if not identical.

In 1935 the total capital of joint stock industrial concerns in Poland is 340 million Zł More than 42 per cent of this is of foreign origin In the oil industry foreign capital represents 87 per cent, in electrical power 85 per cent, in the mining and iron industry 75 per cent, and in the chemical, timber, leather, textile and paper industries, 25 per cent each All this is easily assimilable to the Indian sociography in which the rôle of foreign, especially British, finance, is the dominant feature of business organization and technocracy.

The occupational structure and the social stratification of Poland exhibit features to which the Indian population is well 'acculturated' For instance, in percentage of the total earners or gainfully employed persons the agriculturally active or occupied in 1931 are as follows

1	Poland	76.2
2	India	66.5

Demographically Poland is more agricultural than India But the differences are perhaps hardly noticeable

In industrial and mining occupations Poland has 11.2 per cent of her total population This is a little higher than India's 10.6 per cent The Polish-Bengali or Polish-Indian identities or similarities are too palpable to be missed Poland may be taken as representative of the entire "Balkan Complex" of Eastern Europe and Russia

²⁹ B. K. Sukar 'Economic Development', Vol. II (Second edition 1938) and *Villages and Towns as Social Patterns* (Calcutta 1941)

In that year, again, nearly 80 per cent of the total population of Poland live in smaller towns or villages with less than 10,000 inhabitants. India's percentage is about 92. The rural-urban stratification is then more or less of the same type in the two spheres. The differences are not substantial.

These and other equations of the socio-economic order have enabled me to employ the category, *Bharata-vasin mashi-ban* (the unit's home of the Indian people) about Poland and other Eur-American countries of the same niveau in my books entitled *Naya Banglar Goda-Pattan* (The Foundations of a New Bengal, 2 vols. 1932) and *Badtir Pathe Bangali* (Bengalis in Progress, 1934). Poland has been a substantial feeder of the economics and sociology in which the distinction between the "Balkan standard" and the "Great Power standard" is a fundamental plank. India is, like Poland, a region of "lags".

Social thought in Poland has naturally been responsive to her actual socio-economic and political conditions. Applied sociology is a chief branch of social science cultivated by her scholars. And in this, rural reconstruction plays perhaps the most leading part. In Bengal as in All-India rural reconstruction is likewise a most popular category of public life and social thought. Indian problems are not *suu generis*.

1932-33. André PAVIE. The World Crisis in Agriculture (*Bulletin de la Société d'Economie Politique*, Paris, 1933). The cultivators of France are never known to have been contented with their lot except perhaps to a certain extent in the post-war years which marked the rise in prices corresponding to the fall in the franc. But from 1926 when the price of wheat was 246 francs per quintal (3.67 bushels) it has come down to 110 in 1933. The present crisis in France is not

a crisis of under-consumption but is essentially a crisis of disequilibrium between the agricultural prices and the cost of production and living. The crisis would have been more severe in France had the Government failed to raise the prices or keep the prices at an artificially high level by protective measures.

The situation is not peculiar to France. In the U.S.A. with 100 as the base for 1914 the prices of cereals have come down to 40 and of cotton to 42 in 1932. From 136 in 1929 the 'general average' has declined to 56. The total agricultural production which was worth 16 milliard dollars a few years ago is today worth only 5 milliard dollars. The decline in the purchasing power is to be measured by 11 milliard dollars.

The chief cause of this crisis is the intensive cultivation introduced during and since the war in overseas countries. New inventions have been utilized in the U.S.A., Canada, Argentina, Australia and elsewhere. The result has been, on the one hand, a reduction of hands to the extent of 40 to 50 per cent, and on the other, a remarkable diminution of prices. Although so far as France is concerned there is no question of under-consumption, the number of effective consumers in the world has not grown to the same extent as the amount of production in the two Hemispheres.

The agriculturists are being aided today by the Government in several ways. Moratoria have been declared, credits have been offered or guaranteed, subsidies of one sort or other furnished, co-operative marketing facilitated. Besides, monopoly has been instituted in regard to the sale of certain produce in a centralized manner. Not many of these centralized monopolies have been crowned with success, however. The efforts of the Federal Farm Board should serve as warnings by all means

The Canadian pools have led to disaster. The coffee ventures of the Government of Brazil have been failures. The Egyptian Government has been compelled to renounce the stocking of cotton.

Since 1932 the Danubian countries of Eastern Europe have been demanding preferential tariff between two or three regions in regard to the export of agricultural produce and manufactured goods. Certain preferences have been introduced on paper, but virtually on account of the opposition of the trans-Atlantic countries it has not been possible to render them effective. On the whole, it appears that unless international conventions are established with the object of fixing export contingents on the basis of previous exports no stability may be expected in world-economy. This is not likely to be a panacea but may lead to some system in the place of the present chaos.

1932-33 Banking in Russia³⁰ The development of banking is a special feature of the Russian economy under the Soviet regime. During the period of "war-communism" (1917-21) the existing private banks were nationalized. The State Bank of Czarist Russia was transformed into the People's Bank, which absorbed, further, the other banking institutions. Besides, there was an attempt to convert the entire system into a central book-keeping department of the Government.

The second period of Bolshevnik Russia begins with the introduction of the "new economic policy" (N.E.P.) by Lenin in 1921. Down to 1928, i.e., the introduction of the *Gosplan*, reaction against the ultra-communistic bank system was developed along the entire front. The State Bank was re-opened,

30 Dobbert in *Weltwirtschaftliches Archiv* (Jena, 1933)

the Co-operative Bank was established as well as a number of institutions for mutual credit. Among the new enterprises are to be mentioned likewise joint stock limited liability banking companies in addition to the regional (municipal and rural) banking institutions.

During this period Soviet banking was carried on in the usual manner of the banks in capitalistic countries. The banks were moreover called upon to supplement the financial projects of the Government whenever it was necessary to depend on resources beyond those provided for in the central budget.

The *Gosplan* (1928-32) has introduced modifications in this system of banking as initiated under the N.E.P. The banks have been compelled to lose their non-statal or private character and acquire the features of state institutions in keeping with the general ideals of "economic planning." The credit system lost its economic character and was made to conform to this state-controlled economy. Under the capitalistic ideas of the N.E.P. the banks were permitted to offer credit only under "economically worthwhile" conditions. But the plan-economy as established by the fiat of the state removed those ideas of "private", "economic" and unregulated banking. They were authorized or compelled to finance the transactions according to the "plan". From the standpoint of bank technique it is interesting to observe, however, that the system of offering credit in goods as prevalent under the N.E.P. has been abolished. In its place has appeared real banking, i.e., financing through bank papers and accounts etc. The consolidation of the entire banking system is another mentionable feature of the last five years.

Certain reforms of this period are noteworthy. In 1930 an Act was passed to modify the earliest provisions of the *Gosplan*

in regard to bank credit. It had been the custom to offer credit to any and every business on the strength of the Plan's certificate so to say. No considerations were attached to the actual requirements of the business or its total output or capacity. Today automatic credit of this type has been abolished. In order to obtain credit the business must be demonstrated by its record to what extent it has succeeded in carrying out the instructions of the Plan. Besides the banks have to examine the understandings entered into under compulsion of the Government between the different businesses in order to ascertain how the transactions help one another from the standpoint of co-operation in production and marketing. In other words the economically worthwhile character of the business and therefore of the credit to be offered is once again the item of chief importance in the banking system. In 1933, be it observed further, another principle of capitalistic banking is in operation. Down to 1931 the diverse accounts of the businesses with the banks were treated in one lump. There was no distinction made in the bank books between the business's own money and that offered to it as credit. This distinction has since then been introduced in the records. Capitalistic methodology and bourgeois technique are present prevalent in bank administration.

Nothing indicates more concretely the perpetual proneness to experimentations and adventures in communistic ideology than Soviet Russia's bank history. Communism is not to be treated as a finished product. It is constantly on the go.

SECTION 2.

The Epoch of Economic Planning in World-Economy
(1933-1939)

1933, March. In the extensive interview on *Economic Planning for Bengal*¹ the present author observes that what is needed for jute is neither a policy of off-hand contraction nor one of indiscriminate expansion but a system of control, of rational determination from year to year, of rationalization. The economics of jute is, besides, to be envisaged as an integral part of the larger problem of the industrialization of Bengal and the transformation of the occupational structure of the Bengali people. The most vital problem of economic planning for India as of the *Gosplan* in Soviet Russia is essentially one of technology and finance or of finance and technology. It ought to be a part of our statesmanship to attract financiers from far and near,²—British, American, Japanese and even German, as well as, of course, Marwari,—to our villages and towns.

Be it observed that economic planning as a category becomes popular in world-economy after the success of the first five-year plan (1928-32) in Soviet Russia. The first fundamental in planned economy or planification is centralization and rationalization. The second feature, although not second in importance, is etatization, statalization, state control or management, i.e. socialism. Russian planning goes further than centralization and socialism. It is communistic, involving larger or smaller doses of the abolition of private capital and private savings and the introduction of state capitalism. Planning in non-Russian

¹ Published in the *Insurance and Finance Review* (Calcutta).

countries is non-communistic and embodies larger or smaller doses of socialism, which must be distinguished from communism

1933 The National Industrial Recovery Act is passed under President Franklin Roosevelt to combat unemployment which rose even up to 12,000,000 and to introduce "planning"² But the "New Deal", as the Roosevelt economic planning is called, appears obnoxious to the "big business" which hates as much the state control of industries as the collective bargaining of workers Socialism is advancing in the U.S.A

1933, April Currency depreciations since 1931 may be indicated as follows³ I Countries off gold,—1 Japan, 2 UK, 3 Sweden, 4 Canada, 5 India, 6 Hungary, 7 USA, II Countries with currency control,—1. Austria, 2 Germany, III Gold-standard Countries 1 Italy, 2 Switzerland, 3 France, 4 Netherlands (*Infra*, 95, 122)

1933 A C Pigou⁴ The Theory of Unemployment (London) "In times of deep depression, with the actual monetary system ruling in this country, a 10 per cent all-round cut in money wage-rates would probably, *other things being equal*, increase employment by more than 10 per cent" "The real rate of unemployment pay together with the contribution per employed workman is always in practice less than the real rate of wage Therefore it is impossible for any new man to be set to work by means of wage goods drawn from unemployment

² *The New Monetary System of the United States* (National Industrial Conference Board New York 1934)

³ *World-Production and Prices 1925-32* (Geneva 1933), p 86, *Review of World Trade 1932* (Geneva 1933) pp 12 14, 30 *World Economic Survey 1932-33* (Geneva 1933) pp 222-223

⁴ For Pigou see *Pol Phil*, Vol I, (Madras 1928), pp 118, 240

fund, unless at the same time some wage goods for that purpose are being obtained from somewhere else".

"Long-run Government policies, which whether by design or by accident, make the state of labour demand permanently better or worse than it would otherwise have been, are not, when once established, either causes of or remedies for unemployment". "Our conclusion that the long-run effect of expansionist state policies,—and under this head must be included not only the undertaking of large-scale public works, but bounties, guarantees of interest and, if successful in their purpose, protective duties,—does not touch employment, affords of course no argument against the state's *temporarily* adopting those devices as 'remedies' for unemployment in times of exceptional depression".

Although many of the arguments in this work are given in mathematical symbols large proportions are intelligible to non-mathematical economists. The student of political philosophy can hardly afford to pass this by and should make it a point to come into contact with the main thesis. As usual, Pigou argues in a round-about way for socialism although as a temporary measure, without bidding adieu to classicism and formally professing faith in the socialistic creed.

1933. The fall of prices in India since October 1931 when the Pound sterling (and along with it the Indian Rupee) went off the gold standard cannot be proven to have been heavier than in the United Kingdom excepting in two or three points. Besides, it has not been possible on account of the fall in demand to export as much agricultural produce as is necessary to pay for the imported goods. This is why the export of gold has been found to be the most convenient as payment of price for the imports. It is to be observed that from 1923 to 1930 India im-

ported large quantities of gold. It is part of this imported gold that is being exported now (1932-1933). But the percentage of gold-cover (for the currency notes) has risen from 6.2 to 14.9 per cent during the period of the exports of gold from India. Altogether, there is no ground for devaluation of the Rupee or for financial pessimism and panic in India.⁵

1933. Radha Kamal Mukerjee: *Land Problems of India*. "Feudal land-holding in India and Europe has arisen from similar causes in each case and has left indelible marks on village tenures and distribution of rights. The protection of tenants in India by establishing certainty of tenure, fair rents and compensation for improvements has met with varied degrees of opposition from vested interests in different provinces. The policy of the Government has wavered. Meanwhile there has been witnessed a gradual encroachment of the money-lending classes who have profited from the creation of a saleable and periodical tenancy". "In some of the agricultural countries in Europe, peasant proprietorship and tenancy recently have undergone changes as a result of economic causes and legislative measures, which also are of great significance for the future of Indian agrarian reform". "The old system has broken down and it is imperative that a new system be created in its stead which is adapted to the present conditions and requirements of agricultural and social life. To delay the process of adaptation, whether from fear of angering 'vested interests' or from apathy towards the unvocal classes, is to sow the seeds of drastic reform, and it may be, even of revolution".

5 B. K. Sarkar: *Indian Currency and Reserve Bank Problems* (Calcutta, 1933), S. C. Dutt: *Conflicting Tendencies in Indian Economic Thought* (Calcutta 1934), pp. 199-202.

It is in the background of such socio economic ideologies that the functioning of the *Kisan Sabhas* (Peasant Unions) in recent years throughout the length and breadth of India has to be placed. These unions constitute a problem as much for the Government of India as for the Indian National Congress the Muslim League and the Indian States (Indian India)

The lessons for India of the agrarian legislation of Europe from Bismarck down to recent times have been indicated by the present author in *Economic Development* Vol I (Madras first edition 1926) *Ekaler Dhana Daulat O Aitthasastra* (The Wealth and Economics of Our Own Times) Vol I (1930) and *Naya Banglar Goda Pattan* (The Foundations of a New Bengal) Vol I (1932)⁶

1933 November While explaining the law of the corporations Mussolini observes that from the standpoint of technology and occupational structure Italy is not a capitalist region. It is described rather as a kind of mixed and diversified economy. To use a German category the situation would be called agrar industrial rather than agricultural or industrial. Countries like Bengal and India in general China Iran Indonesia and other semi developed economic regions have therefore much to gain from contact with Italian enterprises not over industrialized as they are.

1933 Harendra Lal Dey *The Indian Tariff Problem*

6 Pankaj Mukherjee *The Economic Services of Zamindars to the Peasants and the Public as Analyzed by Benoy Sarkar* (Calcutta 1934) See also B. K. Sarkar *Modernism in Land Legislation* (Calcutta Review December 1937) See *infra* Sachin Sen *Fundamentals of a Agrarian Programme* (Calcutta 1938)

(London)⁷ Dey's criticism of protection as applied to Indian conditions—sugar, steel and cotton—has been conducted in a reasonable manner. The inherent defects of each industry have been exhibited with emphasis. In so far as protection is desirable he recommends bounties rather than customs duties. He condemns protective import duties as tending to regressive taxation and prejudicial to the wellbeing of the agriculturists and other poorer classes.

1934, November. Folks. Making Relief Respectable (*Annals of the American Academy of Political and Social Science*, Philadelphia). The experience of all European countries shows, according to Folks, that unemployment insurance, old age insurance, health insurance, accident insurance, all put together and all operated to any volume yet undertaken, still leave, especially in any considerable degree at all times, a large volume of distress not provided for by any of these forms of social insurance.⁸ In addition to these we shall always need, on a considerable scale, a rational, humane, public relief system says he, and such a system differs not fundamentally in kind but in degree and scope from those other forms of social insurance."

1934. Asian Labour Congress is held at Colombo (Ceylon). Japan, Ceylon and India are represented. It opposes internationalization unless backed by safeguards as suggested by the World Economic Conference of 1927.

7 Compare B. N. Adarkar *Indian Tariff Policy* (Bombay 1936). But contrast B. P. Adarkar's *Indian Fiscal Policy* (Allahabad 1941).

8 A. Epstein *Insecurity: A Challenge to America. A Study of Social Insurance in the United States and Abroad* (New York 1933).

1934 Evasion of Taxes in France The topic for discussion at the *Société d'Economie Politique* of Paris on January 5 is "fiscal fraud". Lecarpentier is the chief speaker.

The evasion of taxes has been going on, in the first place, in the domain of tariffs or custom duties, says he. The fraud consists in the false declaration of *quantum* or value. As for the state monopolies (e.g. tobacco and matches), the fraud is to be found in the contraband trade. But neither false declaration nor smuggling leads to a considerable loss in revenue, according to Lecarpentier. More substantial is the loss sustained by the Government on account of the frauds committed in the Departments of Registration and Stamps.

In regard to the indirect taxes the commission of fraud is rather easy. Certain taxes on consumption lead to a loss of some 500 million francs. It is very difficult to mend the situation because those who commit the fraud are strongly supported by influential sections in the *Chambre des Députés*.

Then remain the direct personal taxes to be considered. The salaried officials of Government and other large offices cannot indeed make any false declaration in regard to the income. But there is a vast amount of fraud going on in small offices whose proprietors very often understate, to the tax collector, the salaries or wages on their payrolls, in order to avoid unfriendly relations with the employees.

It is strange, says Lecarpentier on the authority of a specialist in direct taxation that no motor driver, cook, servant or bearer belonging to richer families ever pays any tax. And yet every body knows that when one considers the housing, food and *pouboire* (*bakshish*) chances enjoyed by such persons their income rises to decent figures.

Altogether, the income of the Government from the taxes on salaries might be doubled had there been no fraud committed so systematically and along so many fronts.

The non-commercial professions evade taxes in a tremendous manner. The loss to the state is to be measured by four-fifths or three-fourths of what it ought to realize.

As for the industrial and commercial enterprises the smaller ones, i.e. those with business not exceeding 50,000 francs practise an enormous fraud. But in larger enterprises the Treasury is cheated to the extent of some 20 per cent.

The taxable income derived from shares and securities is nearly 10 milliard francs. The loss to the state in revenue on account of simple non-payment of taxes or fraud amounts to nearly half a milliard.

According to Colson it is impossible to control the fraud because the publicity of income is not likely to be tolerated by the French people. In England and other countries, on the other hand, says he, the amount of inheritance is announced publicly.

Several speakers suggest that if the State wanted the taxpayers to be honest in declarations and payments it should itself set the example of honesty and morality. Truchy, for instance, believes that the Government practises dishonesty in the discharge of its functions when it levies and uses taxes more according to the political passions and electoral interests than in accordance with the requirements of public welfare. The taxpayer who feels that he is being treated as a *pariah* and deprived of justice which the state owes to all citizens naturally protects himself by fraud. Another cause of the commission of fraud is, according to Truchy, the unduly high rate of taxation.

In order to control the fiscal fraud the state will have to

curtail its public expenditure so that it be relieved of the necessity of imposing excessive taxes. The problem is thus connected with the larger question of the rôle of the modern state and of the reasonable limits within which its functions ought to be circumscribed.

1934 M. Visvesvaraya *Planned Economy for India* (Bangalore City). No credence should be given, says he, to the theory that the Indian people would not be capable of rising to the level of their competitors in progressive countries in production, industry or trade, even if the training and opportunities afforded in these countries were available here and a responsible government existed to regulate and control their destinies. Next to the attainment of responsible government, the most important question according to him is as to how to maintain the country's huge population at a level of income which would not fall below what civilized communities would regard as a bare subsistence wage. These are universal postulates in India.

Visvesvaraya's planning, however, knows nothing of the rationalized unification of the entire economic resources and machinery of the country as known in the regions which have made economic planning popular. Nor does he visualize the enormous rôle of the state in the initiation and control exercised over agriculture, manufacture and commerce which belongs to economic planning strictly so-called. He has, besides, fought shy of the approximate budgets in millions of Rupees which constitute the financial background of real planned economies.

By planned economy Visvesvaraya means simply the development of the economic potentialities of India and the heightening of the standard of living of the Indian people. In other words, he is using a very modern or recent category of applied

economics or applied politics in a rather untechnical, conventional and colourless sense. Having regard to the conditions prevailing in India, it is safe for this country, he believes, to proceed along the lines practised in such capitalist countries as France and the United States of America. In his judgment India resembles France in the small size of the agricultural holdings and the United States in the large size of the country and the magnitude of its resources, particularly man-power. We have yet to build up some measure of moderate industrial prosperity and for the present capitalism is best suited for that purpose, says he.

The analysis and recommendation are in the main reasonable and agree with those offered by the present author in his paper on *A Scheme of Economic Development for Young India* published in 1925.⁹ *Economic Planning for Bengal* (1933) may also be referred to for examination of the situation in India in the perspective of developments among the economic "adults" in Eur-America (*supra*, p. 60).

Economic planning, strictly so called, should not be taken as entirely wanting in Indian ideology. In *Conflicting Tendencies in Indian Economic Thought* (Calcutta 1934) Shib Chandra Dutt observes as follows: "Sarkar's views, however, do not go far enough. India not only wants modern methods of production and distribution. She is also in need of a system of plan-

9 B. K. Sarkar, *Economic Development Studies in Applied Economics and World Economy* Vol. I (Madras 1926) second edition, (1938). The paper was published in the first instance in the *Modern Review* (Calcutta) for July 1925, as well as in independent brochure (1926). See Khagen Sen, *The Economic Reconstruction of India* (Calcutta 1939).

ned economy controlled as it should be by a power from the centre. It is also highly necessary that the excesses and evils of the prevailing individualistic system be removed or checked by legislative measures and executive action. These points do not occupy an adequate place in Sarkar's ideology although his Scheme of Economic Development for Young India published in the *Modern Review* for July 1925 embodies a full fledged programme of economic planning of which one hears so much today especially since the success of the first five year plan (1928-32) in Russia. Sarkar appears to be a believer more in self help than in state action.

Be this as it may in Visvesvaraya's planned economy we do not encounter the technical senses of economic planning as practised in the *Gosplan* of Soviet Russia and the New Deal of the USA or of the control systems of Germany Italy Japan and the United Kingdom.¹⁰ We are to take it as just equivalent to economic development as popularly understood. The observations of P. S. Lokanathan in *Industrial Organization in India* (London 1935) would throw light on the Indian situation. The efficiency of the Indian worker says he is undoubtedly low and it is so closely bound up not only with the existing wages and standard of living but with habits ideas and tradition deep rooted and long surviving that it is impossible to hope for any sudden or rapid improvement. On the other hand he is aware that defects have been magnified and exaggerated and believes that the recommendations of the Royal Commission of Labour (1929-31) have been framed with a view to break the

¹⁰ F. E. Lawley *The Growth of Collective Economy* Vol. I (London 1938)

vicious circle of low efficiency, low wages and low standard of living at as many points as possible.

1934 Safeguarding Japanese Exports One of the most important measures that Japan has adopted in recent years is the Commerce Adjustment and Safeguarding Law. This law, intended to protect Japan's foreign trade, particularly against restrictive measures undertaken by other nations to which Japanese goods are exported, was adopted at the 65th session of the Imperial Diet and has been in force since May 1, 1934. According to a Foreign Office statement, the promulgation of this law has been made necessary, because of a growing tendency in other countries to ignore the fundamental economic principles of ministering to one another's wants and promoting through their co operative efforts the progress and prosperity of mankind, which is reflected in their attempts to suppress importation of foreign goods by means of high tariffs, restriction of imports, etc., and particularly because of the increasing number of countries which are setting up barriers against Japan's export trade. The law is intended to enable Japan to adjust her trade to the above situation, to balance thereby her international payments, and at the same time to take, if necessary, appropriate measures for safeguarding her commerce. It is stipulated in the law that the Government, whenever they consider it specially necessary for the purpose of adjusting trade or safeguarding commerce in answer to the measures that have been, or are to be taken by foreign countries, may, in accordance with the provisions of Imperial Ordinance and with the approval of the Tariff Investigation Commission, in respect of specified articles, and during a specified period of time, impose on such articles, in addition to the import duties enumerated in the Import Tariff

annexed to the Customs Tariff Law, import duties not exceeding in amount their value, or reduce, or exempt them from, import duties, or prohibit or restrict the exportation or importation thereof. This is Japan's reply to the Ottawa Agreement.

1934 *India Analysed* edited by Freda M. Bedi and B.P.L. Bedi (London), three volumes.

In Vol I. Alfred Zimmermann says that "if the effort to establish an equal partnership between India and the other British Dominions should break down, the consequences would recoil, not simply on the parties immediately concerned, but on the whole human family".

"Phenomenal progress" in industrial undertakings has been recorded by P. P. Pillai in Vol II. He has pointed out, at the same time, that the "rate of progress has not been commensurate with the size of the country". In this context can be placed V. G. Kale's statement that India has "an economic system (barring a few notable exceptions) similar to that which prevailed in Europe in the seventeenth and eighteenth centuries". Naturally, therefore, as Vera Anstey makes it clear, India's chief industrial weaknesses are to be found in the lag in her production of machinery, plant, tools, iron and steel goods and chemicals".

The poverty of the peasant has been well described in Brij Narain's essay. In 1927-28 the average net income per man per day is described as being about seven annas. But he has furnished no price-schedule. He quotes a Dutch work of the seventeenth century, J. V. Twist's *Geneiale Beschrijvinge van Indien* (1638, p. 63), to say that "one-half and sometimes three-fourths was the king's share in Gujarat". One should like to know what was the average income per man per day in those times,—in cash or kind.

Among the economic issues which constitute the topics of Vol. III we have the problem of social services in the perspective of taxation discussed by A. N. Maitra. The paper of B. R. Rao deals with foreign investment that of Brij Narain with the rate of exchange. India's public debt has been discussed by K. T. Shah. The question of agricultural protection has been raised by Radhakamal Mukerjee.

Indian economic thought today is pluralistic enough to be able to offer just the antipodes of the views collected here. Against the present ratio and the export of gold Brij Narain has strong views. He is an exponent indeed of the traditional Indian standpoint. All the same he has cared to admit that the linking of the Rupee to sterling helped us only for a few weeks or months. The present author happens to take a rather unconventional stand in regard to both these questions (cf. his *Indian Currency and Reserve Bank Problems* second edition 1934) and to believe that neither the ratio $Rs = 1s. 6d.$ nor the gold export has been harmful to India.

Shah proceeds on the hypothesis that every financial item in the entire history of England's relations with India is going to be placed with some impartial tribunal. He has sat in judgment on the British wars and annexations in India or abroad and argues that these expenses should not be charged to India. Then he has found fault with the absence of economy in the Government's railway policy. Altogether he believes that the amount of India's public debt will be tremendously reduced once it is admitted that India ought to shoulder only such burdens as are really hers. Supposing that the military and financial history of a century and a half can ever be the theme of a judicial trial in the normal sense one may find interest in Shah's

analysis. This political approach may be useful under certain conditions

According to Rau "a careful scrutiny by the Federal Reserve Bank, which would be made at the time of rediscounting the eligible commercial paper, would automatically raise the standard of banking". This is reasonable. As for foreign capital, his paper does not appear to exhibit antipathy. But it does not seem to be precise enough either. Our economists are as a rule prejudiced against it. According to the present author, however (*cf Imperial Preference vis-à-vis World-Economy*, 1934), India will have to depend on foreign capital for quite a long time in the interest of industrialization in spite of the progress in the growth of "Indian" capital. And as long as this remains a financial reality India's tariff as well as currency policies will tend to be orientated to the British systems in a symptomatic manner. This may be regarded as "neo-nationalism" in economics.

Maini complains that the proportion of indirect taxes to total revenue is higher in India than in the United Kingdom. He believes in direct taxes as being "progressive". This is an interesting attitude in view of the fact that in India as a rule we are sickled o'er with the ideal of diminution of taxes. Now that the Niemeyer Plan has thrown out the suggestion that the remainder of the "surcharge" on higher income as imposed in 1931 ought to be retained economists like Maini are likely to appreciate this chance for augmenting the proportion of direct taxes (income-tax and super-tax).

While poverty furnishes the general *milieu* of economic India Mukerjee's stress on the diverse improvements already effected in agriculture would not fail to be recognized as re-assur-

ing Among others he mentions, for instance, the substitution of rice and maize for cheaper millets and of cereal for gram and oil seeds. The spread of double-cropping is another very important item referred to by him. The attention of economists deserves to be directed to these aspects of Indian agriculture in order to ascertain the past changes in the standard of living of the people as well as its probable future. The situation may not turn out to be as pessimistic as one suspects.

1934-36 New Trends in Commercial Policy Until 1929-30 the most-favoured-nation system in one form or another and with few exceptions represented the corner-stone of commercial agreements. Subsequent stages may be indicated below.

(1) The international slump and the resulting collapse of world economic co-operation led in 1930-31 and the following years to the introduction of reciprocal tariff and quota preferences in complete conflict with the most-favoured-nation principle, and to the development of bilateral trade stimulated by clearing arrangements. The British Imperial Preferences provided for by the Ottawa Agreement (1932) belong to this new system, in that they represented a tendency for the British Empire to cut itself off, commercially, at any rate, from the rest of the world.

(2) A fundamental departure from this isolationist policy took place with the new American commercial policy introduced by the passing of Cordell Hull's Reciprocal Tariff Act in the Autumn of 1934. The object of this Act is to provide for the conclusion of reciprocal commercial agreements based upon mutual most favoured-nation treatment. The practical effect of the new policy is to work once more in the direction of multi-lateral trade relationships. It leads to the conclusion by the

United States of sixteen important commercial treaties during 1935 and 1936—including treaties with Canada, with a number of the states of Southern and Central America, and (among European countries) with Holland, Belgium, France, Switzerland, Sweden and Finland.

1934. Henri Truchy: *Cours d'Economie Politique*, Vol. II. (Paris) does not plead for a hundred per cent *laissez faire*, as expected of the president of the *Société d'Economie Politique*, the citadel of orthodox economic liberalism. While discussing social insurance Truchy accepts *in toto* the principles as developed in Eur-America since Bismarck and declares that the "intervention of the state is legitimate".

1934. June. Gustav Cassel of Sweden delivers a lecture entitled *From Protectionism through Planned Economy to Dictatorship*¹¹ at the Dumford House (Cobden Memorial Association) London. Cassel exhibits economic planning naturally from the standpoint of a liberalist looking at anti-liberal economics. This is something like economic anachronism.

1934. W. Hass: *Le Chômage et la transformation de l'éthique du travail* (Unemployment and the Transformation of the Ethics of Labour),¹² Paris. Social ethics is not permanently fixed and endurable in its form. Unemployment is transforming social ethics in England, Germany and the U.S.A. The new ethics of labour will not be confined to these regions. It is in dictatorial regime that the extraordinary exaltation of labour has taken place. In Fascist Italy and Nazi Germany we see not only the deification of the nation but also the deification of labour.

¹¹ Published in *International Conciliation* (New York, October 1934).

¹² A paper in the *Revue Philosophique*, Paris, November and December 1934.

It is interesting to note that the dictatorial regions are just those that were affected most seriously by unemployment, labour troubles and class struggles. The glorification of labour has invariably gone hand in hand with the militarization of the nation in these countries. The dignity of labour has been lifted to the highest national and military niveau. Labour has grown into the first servant but not the sovereign. In Soviet Russia the appreciation of labour is limited by the abstract ideal of common good or general welfare and in Germany and Italy by that of the nation. The dictators are thus employing two contradictory principles, first, the elevation, and, secondly, the limitation of labour. It remains for the democracies to find a solution in which the first may be acceptable without the second.

1934-35 British Shipping Policy Through Labour Eyes
(Report of the Thirty-fifth Annual Conference of the Labour Party, London)

In December 1934 the President of the Board of Trade moves a Money Resolution granting a subsidy of £2,000,000 to tramp shipping and authorizing advances to the extent of £10,000,000 for scrapping old vessels and building new or modernizing existing vessels. Prior to the debate consultations take place with the Joint Committee of the Seamen's and Transport Workers' Unions. The British Labour Party strongly criticises the Government's Policy, draws attention to the grievances of the seamen, and challenges the Government to institute a thorough enquiry into the conditions of employment in the Mercantile Marine. The Government makes no reply to this and the Resolution is opposed.

On the second reading of the necessary Bill the Party moves "That, whilst this House recognize the necessity for

State intervention to secure the rehabilitation of the mercantile marine, it regards the payment of a public subsidy to private interests as a method of assistance which has proved to be undesirable and ineffective, and which is still less worthy of support when unaccompanied by any measures to ensure the payment of fair wages and good working conditions to those employed on board ship, as well as the reinstatement of the many British domiciled seamen who are out of employment through the substitution of cheap labour." The amendment is rejected by 121 to 38.

In Committee the following amendments are moved and rejected:

"That the Transport Shipping Subsidy Committee (which is to superintend the payment of the subsidy) should consist of persons having no direct financial or other interest in the shipping industry.

That the subsidy should only be paid in respect of vessels having satisfactory accommodation for the crews.

That the subsidy should not be given unless proper wages were paid, the conditions of employment were of a reasonable standard for British labour, and the vessel was efficiently manned on deck and below.

That payment of the subsidy should be dependent upon a reasonable proportion of the crew being British domiciled seamen.

That the Ships Replacement Committee (which is to superintend the grant of loans in respect of demolition, reconstruction and building) should, to the extent of at least one-fourth of its membership, consist of Trade Union representatives.

That the Fair Wages Clause applicable to Government

contracts should apply to the work of demolition reconstruction and building

The Bill is read a third time by 147 to 37 the Party opposing it and once again charging the Government with disregarding the legitimate complaints of the seamen

Many questions are put regarding the loss of several ships and their crews alleged to be due to unseaworthiness or undermanning or both and at last on March 26 some impression is made upon the President of the Board of Trade for in his reply he undertakes to institute a public inquiry into the loss of the *Usworth* the *Mill pool* the *La Crescenta* and the *Blangowrie*

1935 Benvenuto Griziotti author of *Principii di Politica Diritto e Scienza delle Finanze* (1929) says in the *Annali di Economia* (Milan) that public finance is concerned with the distribution of public burdens. The taxes and fees fixed by legislation are not to be regarded as prices expressing exchange values but as political devices for the distribution of the costs of public services. A programme for the redistribution of wealth for example may motivate specific tax policies based on ability to pay. Other political ideals may be attained through the use of benefit levies. Such devices as exemptions progressive rates and classifications are similarly useful in effecting the general purposes of the state¹¹

1935 1937 F. Seldt's *Sozialpolitik im Dritten Reich* (Social Policy in the Third Reich) Berlin 1935 discusses among other things the buildings for the industries and industrial workers such as have been projected since 1933. The rationing

13 M. L. Boggett and J. W. Sundelson Italian Theories of Fiscal Science (*Political Science Quarterly* New York June 1938)

zation of raw materials is one of the items emphasized in the planned economy of Nazi Germany

In a lecture before the *Bund der Freunde der Technischen Hochschule* (Munich), 1935, President Schacht of the *Reichsbank* invites attention to the dangers of over-emphasis on the international division of labour. The requirements and ideals of the national economy are stressed. L. Siebert's *Die neuen Wege der deutschen Wirtschaft* (The New Ways of German Economy), Munich, 1936 and M. Fraendorfer's *Idee und Gestalt der standischen Neuordnung* (The Idea and Form of New Order in the Class-Structure), Berlin, 1936 describe the economico political and socio technocratic transformations in Germany under the Hitler regime.

E. Wissemann's *Der Weg der deutschen Volkswirtschaftslehre* (The Way of German Economics), Berlin, 1937 finds the principles of Nazi (national socialistic) economics in application in all countries. In the struggle against *laissez faire* economics, says he, "*stehen wir Deutsche nicht allein*" (we Germans are not alone). Bouche, the American economist, and Keynes, the British, are described by him as exponents of the theory which promulgates the disappearance of the free trade period. They have but recognized a state of things which is confirmed by the economic policy of all countries, says he.

1935, June Jacopo Tivaroni ¹⁴ *Influenza della Spesa Pubblica sulla Ripartizione e sulla Distribuzione dei Redditi* (Influence of Public Expenditure on the Division and Distribution of Incomes), Rome. The wealth raised in modern states by taxation from one social class is not spent by the state for the

¹⁴ A paper in the *Giornale degli Economisti e Rivista di Statistica* Rome

satisfaction of the wants of that class but is assigned wholly or in part to those of another class. The Finance Acts are normally legalizing the transference of wealth from one class to another class.

1935 F. A. von Hayek, *Collectivist Economic Planning* (London). One of the defects of socialistic (communist) economy is in Soviet Russia according to this German economist naturalized in England the excessive development of some lines of production at the expense of others and the use of methods which are inappropriate under the circumstances. He sees unchecked the ambition of the engineer to apply the latest developments made elsewhere without considering whether they are economically suited in the situation. Von Hayek's criticism of communist planned economy is correct from the viewpoint of hedonistic and rational economics but is entirely irrelevant in view of the fact that the Sovietic economy is the economy deliberately calculated to promote political and social revolutions and cannot be examined by the profits and loss calculus of orthodox economic science. The situation has been analyzed at length in my *Villages and Towns as Social Patterns* (Calcutta 1941).

1935 Recent Economic developments in Russia may be seen in the following statistics published by the *Lloyds Bank Ltd Monthly Review* (London) for April 1936.

	1913	1927	1933	1935
Population ¹ Millions	139.7	147.0	165.7	—
Urban	18.5%	17.9%	24.3%	—
Rural	81.5%	82.1%	75.7%	—

¹ In 1920-21 the total population was 134 millions of which 15.7 per cent was urban and 84.3 per cent rural.

POLITICAL PHILOSOPHIES SINCE 1905

Industrial Output

	1913	1927	1933	1935
Coal 1 000 tons	29 117	32 270	76 080	110 000
Oil and gas	9 234	10 446	22 394	26 77-
Petrol	156	589	2 655	—
Kerosene	1 521	1 590	3 867	—
Electric power output mill kilowatts	1 945	4 205	16 366	—
Pig iron 1 000 tons	4 216	3 033	7 110	12 000
Steel	4 231	3 724	6 842	11 500
Rolled metal	3 506	2 880	6 882	9 000
Locomotives units	—	—	941	—
Freight Waggon	14 832	7 405	21 400	—
Motor vehicles	100	472	49 724	100 000
Tractors	—	937	78 138	110 000

Agriculture

Grain crop mill tons	80 1	77 3	89 8	90 1
Tractor fleet capacity 1000 h p	—	254	3 206	5 000
Horses million	35 8	29 2	16 6	15 9
Cattle	60 6	65 5	38 4	49 3
Sheep and goats	121 2	132 6	50 2	61 1
Pigs	20 9	21 6	12 1	12 6

Transport

Railways 1 000 kilometer	58 2	74 4	82 6	—
Water ways	492	489	502	—
Air lines	—	5 9	34 8	—
Freight carried by rail and water mill tons	180 7	174 8	340 5	—
Motor vehicles thousand	8 9	15 2	117 8	—

Labour

	1913	1927	1933	1935
Number of wage earners millions	—	11 6	21 9	24 0
Total pay roll million roubles	—	6 800	35 000	—

Education

Children in elementary and secondary schools thousand	7 800	10 727	21 814	26 000
Students in universities and high technical schools thousand	125	161	469	—
Daily circulation of news papers millions	2 7	7 6	36 9	37 0

Finance

Budget Revenue mill roubles	—	5 390	35 011	65 900
National Income	21 0	21 7	48 0	64 5
Gold Production ounces	1 284 600	—	2 798 200	5 872 700

Foreign Trade²

Exports mill gold roubles	1 520	770 5	494 8	367 4
Imports	1 374	713 7	348 2	241 4
Balance	+146	+57 8	+146 6	+126 0

Internal Trade

Total turnover mill gold roubles	—	13 717	42 920	60 000
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2 Reduced to 1925-27 prices

3 In 1920 exports were 14 and imports 29.3 million gold roubles. There was an adverse trade balance of 27.9 million gold roubles.

The Sovietic enthusiasm in favour of industrialism and technocracy at the cost of agriculture and at sacrifice in the national

standard of living is brought into bold relief by Brutzkus in *Das Problem der sowjetrussischen Planwirtschaft* a paper published in a jubilee volume issued by the *Handelshochschule* of Leipzig in 1934

The picture of Economic Moscow in 1935 is furnished by *Sovietland* (Moscow) is as follows

The area of the city of Moscow is equal to 28 500 hectares (one hectare = 2 471 acres)—slightly less than that of London

The inhabitants of Moscow number 3 640 000 which is equal to a quarter million more than the entire population of Denmark

Eight hundred thousand people arrive and leave Moscow by rail water and air daily

There are two million workers and office employees in Moscow alone (800 000 of whom are women)—a number exceeding that of the population of Latvia

The wages of the workers of Moscow for one day are over half a million roubles

More than four million roubles and a half are spent daily on new construction reconstruction expansion and capital repairs of dwellings

The total extent of Moscow's streets is equal to 1 140 kilometres (the distance between London and Vienna) One km = $\frac{5}{8}$ mile

Eight thousand stores in Moscow sell commodities to the value of 20 million roubles a day

If we were to extend all the tracks of Moscow's trolley cars they would stretch from Rome to Berlin

Moscow's trolley cars carry about six million passengers daily which is almost equal to the whole population of Portugal

Every day trolley buses cover a distance of 375,000 passenger-kilometres, autobuses about 150,000 passenger kilometres

Two hundred thousand people travel by subway daily

Eight thousand people travel on the Moscow River daily in river boats

More than 2,000,000 Moscovites eat in 4,000 communal dining-rooms and restaurants daily.

More than half a million students study in 1,250 schools, courses and technical schools, more than 60,000 people receive higher education in 65 universities and academies

About 750,000 copies of various books are published daily in Moscow

Hundreds of Moscow's libraries, circulating 40 million books, are at the service of the residents of the capital

Six thousand people visit 70 museums of the city daily

Moscovites receive 300,000 letters, 28,000 telegrams, 2,500 parcels a day and send to all parts of the country and abroad 350,000 letters, 25,000 telegrams and 12,000 parcels

Moscow water-pipes, which are almost a thousand kilometres long (the distance from London to Marseilles), deliver 50 million buckets of water daily, if this quantity of water would be poured into a lake having a depth of two metres, it would occupy an area of 0.3 square kilometres

The network of the gas supply system in Moscow is about 500 kilometres long (the distance between Berlin and Warsaw) This quantity of gas can fill 12 dirigibles with a capacity of 18,000 cubic metres each

1935 Harry Baines American Imperialism¹⁵ Accord-

15 *History of Western Civilization*, Vol II (New York 1935),

ing to this American sociologist, the history of the United States from 1607 to 1890 is in large part the portrayal of a continually expanding frontier, during which expansion we brought the original Indian population under our control and conquered much of a great continent. This stage ended about 1890, at the very time when we had just passed through the important later stages of the Industrial Revolution. For the first time we had acquired a considerable volume of excess capital, and had developed a greater necessity for markets overseas. In other words, we needed to expand beyond our continental boundaries at the exact moment when we had the resources to do so and were under the control of a political party that was strongly dominated by American industry and finance.

It was natural that we should first turn to Latin America, justifying our action in official rhetoric on the ground of advancing the cause of human justice, but not failing in the process to increase our facilities for investment and to acquire under favourable conditions the valuable natural resources of the extensive lands occupied.

Our intervention in Cuba was not in any sense a novel or accidental affair. We had aided the movement for Cuban independence from Spain, and considered intervention, at various times for more than half a century before 1898. At the end of the century things shaped up in such a way that we took the final step, with no special credit to our diplomatic ethics. From Cuba we extended our economic penetration and political pressure into other parts of Latin America: Mexico, Haiti, Santo

pp. 541-542. See also P. T. Moon: *Imperialism and World-Politics* (New York, 1926).

Domingo, Nicaragua, Honduras, Salvador, Panama, and the Virgin Islands. During the same period we turned to the Pacific and entered the Hawaiian Islands and the Philippines. The United States also joined with alacrity in the commercial penetration of China.

With the outbreak of the World War (1914-18) came our remarkable investments in Allied bonds and the subsequent European loans, which have made us the most powerful influence in European finance. We now hold foreign securities, exclusive of war debts, to the face value of some \$18,000,000,000. With the discovery of rich petroleum resources in Asia Minor and Mesopotamia we have recently interested ourselves in the Near Orient.

Burns's interpretation of American imperialism is in the main economic and financial. It is the economic and financial aspects of imperialism that are generally emphasized by American and other scholars under the socialistic ecology of Marx-Lenin. This interpretation is too *advantavadi* or monocratic to explain the colonial empires of modern times. Like all other empires, the American empire is also inspired by racial, political and cultural in addition to the capitalistic megalomanias. American imperialism is in any case inimical to the freedom movements of the Asian and African peoples and is in non-official, if not at times in direct alliance with the European imperialisms.

1935, March 24. Business Organization in Japan ¹⁶

The methods of business followed by the Japanese people form the subject of discussion at the *Bangiya Dhana Vijnan Parishat* (Bengali Institute of Economics) when Surendra Mohan ✓

Bose, chemical engineer, relates the experiences of his recent travels in Japan.

Twenty-eight years ago when Bose first visited Japan he found the technical and industrial conditions over there rather simple and elementary and felt that it would not be difficult for India to catch up to Japan. But recently when he was in Japan for the third time after several business trips to Europe and America he was amazed to see the developments in every branch of commerce and industry, some of which might well stand comparison with the highest known in the Western world.

Bose was struck by the cheapness and facilities of the transport system which meant great economies to the importers and exporters as well as to the manufacturers and farmers. He describes small enamel works manned by not more than three or four persons commanding implements worth not more than 200 yens and yet fetching the same amount per month to the proprietors on the strength of monthly sales worth about 800 to 900 yens.

"Life has been completely mechanized, especially in big cities like Osaka", says he further, "Japanese department stores can vie with any in the world in promptness, orderliness and absence of noise and dirt. They are enlivened always with the movements of crowds of customers. And the goods dealt in are mostly made in Japan". He refers also to the changes in Japanese diet that have taken place in recent years. He felt everywhere the impress of a vast economic and social revolution.

Siddheswar Mallik refers to his experiences in France and believes that in Japan the small industries are prospering perhaps because they are backed by the heavy industries.

Satya Sundar Deb, ceramic engineer, narrates the begin-

nings of Japan's interest in India in the early years of the present century when the Indo Japanese Association was established with Count Okuma as patron. He agrees with Bose in the suggestion that Indians who wish to derive benefit from work in Japanese schools of technology ought to be persons well trained and experienced in practical work at home. According to Hamakhyat Bose Nripen Law and Sudha De universal education is to a great extent responsible for the sense of international competition among Japanese workmen. The rôle of state aid is referred to by Jiten Sen Gupta.

Nirmal Bose and Atul Sur feel that in India one great hindrance to the progress of adequate Westernization on Japanese lines is perhaps to be found in the Indian ambition to keep the culture and self-respect of India intact. Harish Gupta says that Japan's example can teach the Bengali people as to how to resolve to save Bengal from non-Bengalis.

Summing up the discussions the Director of Researches (the present author) observes that the legal hours of work are enforced in Japanese factories the average for all establishments being 9.13 hours per day. The average in textile mills is 9.33 whereas that in shipbuilding 8.40 hours per day. In addition to health insurance Japanese workmen enjoy extra wage earnings in the form of bonuses allowances and profit sharing as well as housing accommodation and part wages in price fuel clothing and other items.

Japanese people are not to be regarded today as mere consumers or importers of machineries as in 1905 or even in 1915. They have grown into a nation of producers of machines inventors of tools etc. In 1933 nearly 1,000 patents for electric industry over 2,000 for chemical industry and 2,500 for

mechanical industry were issued in Japan. All this points to rationalization and economy in the processes of production and therefore preparedness in the struggle for expansion.

1935 36 Agricultural and Industrial Control in Czechoslovakia. In 1935 certain stipulations of 1934 covering the Grain Monopoly were amended and supplemented and to assure adequate prices of grains in adjustment of the area devoted to the cultivation of wheat, rye, barley and oats was effected by virtue of a Government decree in order that the level of grain prices fixed by the Grain Monopoly may in the new crop year not be in variance with the area sown to grain in certain agricultural enterprises in the crop year of 1935 formed the statistical basis for this. Furthermore a Government decree was issued providing for a compulsory use of certain oil bearing seeds in the production of artificial edible fats. In 1935 the contribution allotted to flax and hemp growers was adjusted and the production and sale of cheese in lump from the *biyndza* cheese were managed production and marketing conditions in milling were likewise adjusted and the establishment of new mills was confined to special permits. The establishment of new dairies in Prague was forbidden and a lump sum turnover was prescribed for small farmers. The Land Office was dissolved on May 1, 1935. Its sphere of activity was assigned to the Ministry of Agriculture.

With respect to industrial production there was restricted by Government decree the extension of the number of sales shops (branch system) in certain lines where such extension might exert an unhealthy competitive pressure on other enterprises. For small producers of beer who conformed with cer-

national incidents between the European peoples. But the necessity of establishing an agreement about their fundamental interests as well as the conception of the community of their destiny (*Schicksalsgemeinschaft*) are becoming prominent on account of the progress of events in the Far East and the increasing separation of the North American continent from Europe. The fundamental economico-political and socio-economic problem of Europe is envisaged by Reithinger as consisting in the difference of Eastern and Southern Europe (with its lack of capital and low standard of life combined with over-population) from Western and Northern Europe (with its low rates of interest, high wages and under-population). Cf. Delaisi: *Les deux Europes* (Paris 1929) and Woytinsky: *Die Tatsachen und Zahlen Europas* (Berlin 1930).

1936, January: Benoy Sarkar: *The Theory of Wages in the Epoch of Social Insurance*¹⁷ (from a paper for the Indian Economic Conference, Dacca).

It is in the *milieu* of a huge institutional complex that the "economic man" of today,—the employer no less than the employee,—has to function. The least that the economic theorist is justified in postulating in regard to the theatre of economic activities is the "freedom of enterprise". Economic freedom is the farthest removed from the realities of economic life, especially such as has developed in Eur-America and Japan under the conditions of the "second industrial revolution" and "neo-capitalism". In the first place, the "social expenses" of national budget which comprise the "benefits" of social insur-

¹⁷ B. K. Sarkar in the *Indian Journal of Economics*, Allahabad, July 1936.

ance as well as "poor relief" constitute the most fundamental backgrounds of institutions, in the midst of which the earnings of the economic man have to make their appearance. No theory of wages can be realistic and adequate enough which is not orientated to the considerations of public finance such as the state-directed economic and social "planning" and campaign against poverty inject into the economic world at every item of its functioning. The negation of *laissez faire* has grown into the greatest of all realities in the internal economy of nations.

In the second place, even without or rather outside of state intervention there are the innumerable "frictions" to economic competition engendered by the doctrines as well as facts of *solidarisme*. Both employees and employers—well organized into unions on each side as they are,—have got used to the regime of give-and-take, mutuality, "interdependence". The employer is no more a free-to-choose individual than the employee. The earnings of labour, wages, salaries, bonuses, and what not,—require therefore to be interpreted in terms of these new conditions of the labour world in which, in the last analysis, not so much individualist competition as reciprocal co-operation virtually rules.

Social insurance cannot in theory be described as a system of doles or charities because it is essentially insurance and, as such, is based on premium paid by the insured.

The "dole-ful" character is apparent, however, in the facts (1) that a part of the premium is paid by the employer, and (2) that another part of the premium is paid, in several branches of social insurance and in many countries, by the state. In regard to the first point, the employer's contribution, it may perhaps be described as part-payment of "supplementary wage"

and cannot therefore be described as a charity or *dole* even in liberal *laissez faire* or orthodox economic thinking.

But the contribution by the state is likely to be treated as pure charity or *dole* and the wage earner or salaried employee treated in the same manner as a public charge. It is evident that state *dole* is rendered possible simply because of allocations from the national finances which naturally come from the citizens' taxes. The wage earner and salaried employee become thereby the charity boys of the nation. The element of *dole* involved in this item cannot be ignored either in classical economics or in socialist economics. Naturally therefore the state contribution is condemned on all sides as a bounty or subvention to the employers or capitalists who are thereby enabled to curtail their pay bill. The economic system which normally requires a state subsidy for employers cannot be regarded as a legitimate one. The perpetual protection of capitalists by the state is curiously enough the most outstanding fact of modern economy in so far as and to the extent that social insurance is an established institution.

It is to be remembered that in unemployment assistance as well as in poor relief is organized in the British Isles the question of relief from the standpoint of insurance does not arise. The problem of approximating the benefit grant allowances or relief to the risk is out of the question. The financial responsibility is borne by those persons who are the furthest removed from the likelihood possibility danger or risk of unemployment namely the capitalists, employers and higher middle classes. The cost of unemployment relief (and semi insurance?) in these two instances is met by the taxpayer. It is at the

expenses of the comparatively richer classes that the unemployed are enabled by the state to carry on

In regard to the unemployment "insurance proper", also, it is not always possible to detect any logical connection between the benefit and the risk. No consideration has been paid to the question as to whether the percentages of unemployment are high or low in regard to those classes for whom the insurance has been declared to be compulsory. The rates of contribution as well as benefit have been fixed in an arbitrary although uniform manner without reference to the branches of business, rates of wages or age-groups. Only, the women and the juveniles have been accorded the right to lower contribution as well as lower benefits. On the other hand, children's allowances have been admitted although the parents have not been burdened with higher contributions. Altogether, the more "risky" occupations and age-groups have been "protected" at the cost of the others, i.e. the more favourably situated

1936, September. The franc is devalued in France and along with it the Swiss franc and the Dutch guilder. The obstinate "gold bloc" thus comes in line with the off-gold countries. These devaluations constitute but the last stage in the process which commenced in October 1931 with the UK (as well as India) and was taken up by the USA in March 1933. Germany has not formally abandoned the gold standard. But the privileges granted by Germany to her traders on the international market since 1934 constitute a factual 34 per cent devaluation (cf. Register-Marks, scraps and other facilities)

1936. Louis Baudin. *La Monnaie et la Formation des Prix* (Money and the Formation of Prices), Paris. It is an abuse of language, says Baudin, to describe the period of busi-

ness expansion as one of prosperity and that of contraction as one of depression. In his judgment the alleged depression should be an era of joy for the consumer on account of the diminution of the cost of living. It should also be an *ère de progrès* for the producer because of the improvements introduced in technique and organization by the business managers anxious to survive.¹⁸

1936 The Economic Resources of Japan

"At the time of the wars with China and Russia, the Japanese economy proved its elasticity. A comparison of our present economy with the two war periods reveals at once the fact that war expenditures of 2,000 or 3,000 million would be nothing", says K Ishiyama, editor of the economic journal, *Diamond* (Tokyo).

The basic figures of present day economy compared with those at the time of the wars in question are shown in the accompanying table

	Comparative Wartime		Economic Present (1936)	Conditions in Y1 000	
	1893 (Chinese War)	1903 (Russian War)		Com- parison with 1893 (times)	Com- parison with 1903 (times)
Notes issued	129,732	201,848	1,339,945	10.3	6.6
Specie reserve	85,920	116,962	1,425,000	16.5	12.2
Bank deposits	111,479	751,428	13,968,000	125.3	18.5
Paid up corporate capital	249,763	887,606	16,726,667	67.0	18.8
Value of foreign trade	177,970	606,638	5,725,873	32.1	9.4
Revenue and expenditure	197,351	509,817	4,617,091	23.4	9.0

¹⁸ B K SARKAR "Prosperity and Depression" (*Indian Journal of Economics*, Allahabad July 1938)

Note: The specie reserve for 1936 is calculated at the rate of Y 13'00 per momme of gold.

The table demonstrates that the present-day economy of Japan in comparison with the year 1893 has increased at least ten fold and in some instances 67 to 125 times. Compared with the time of the war with Russia, the Japanese economy is 6 to 7 times larger and in some respects even 12 to 18 times. It is regrettable, however, that production figures, which are highly important to a discussion of this sort, are not available for the two war periods. The nearest such figures are for the year 1909 which follow, and even these do not include statistics for agricultural production.

Comparison of Production (in million of yen)

	1909	1935
Agricultural	x	2,081
Industrial	772	10,836
Mining	103	504
Commerce	68	335
Forestry	115	297
Total	1,059	15,055

The production of 1935 reached Y 15,000 million. The figure for 1936 must have exceeded the Y 16,000 million-mark. Production for 1909 amounted only to Y 1,000 million without taking agricultural production into account. But since agricultural production for the year 1917 was valued at Y 1,600 million, the gross production figure for 1909 could not have exceeded Y 2,500 or 2,600 million at most. Production prior to the war with Russia was even less. If the figure is assumed to be roughly 2,000 million, production now is 8 times greater.

At the time of the war with Russia a total of Y 480 million was raised by bond emission while hostilities were in progress. Eight times that would be Y 3,800 million. So if war bonds were now issued to the extent of Y 2,000 or Y 3,000 million, there is apparently no reason why they should not be disposed of without much trouble.

1936 John Maynard Keynes¹⁹. *The General Theory of Employment, Interest and Money* (London). In this work Keynes continues and develops not only the economic ideas of his *Treatise on Money* (2 volumes, 1930), but also the political theory of his *End of Laissez Faire* (1926). True to the British tradition, his socialism is un-totalitarian and realistically conceived to suit the exigencies of diverse problems. For whilst the social philosophy toward which the "general theory" might lead "indicates the vital importance of establishing certain central controls in matters which are now left in the main to individual initiative, there are wide fields of activity which are unaffected. The State will have to exercise a guiding influence on the propensity to consume partly through its scheme of taxation, partly by fixing the rate of interest, and partly, perhaps, in other ways. Furthermore, it seems unlikely that the influence of banking policy on the rate of interest will be sufficient by itself to determine an optimum rate of investment." "I conceive, therefore," says he, "that a somewhat comprehensive socialization of investment will prove the only means of securing an approximation to full employment, though this need not exclude all manner of compromises and of devices by which public authority will co-

¹⁹ For Keynes's political ideas see *Pol Phil*, Vol I, (Madras 1928), pp 118, 203, 226, 236, 330. See also, *Infra*, ch IV

operate with private initiative. But beyond this no obvious case is made out for a system of State Socialism which would embrace most of the economic life of the community. It is not the ownership of the instruments of production which it is important for the State to assume. If the State is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them, it will have accomplished all that is necessary. Moreover, the necessary measures of socialization can be introduced gradually and without a break in the general tradition of society." Altogether, Keynes's socialism is as anti-communistic and anti-sovietic as that of Nazi Germany and Fascist Italy Cf Pigou

1936 Economic Autarchy, *Swadeshi*, and Planned Economy. At the present moment the tariff policies of nations are directly or indirectly associated with the economics of autarchy (self-sufficiency) and economic planning. In India there should be no vagueness about these two categories of economic policy. These are to be taken as but the post-war and post-depression counterparts of our generation-old *Swadeshi* (indigenous industry) movement. There are differences in detail between the Indian *Swadeshi* and the contemporary world movements in autarchy. But the drives and the motives are identical. It is possible likewise to discover differences between Russia, Italy, and Germany in regard to their autarchic plans because of the differences in the structure of the agricultural and industrial economies of the three regions. But each one is pursuing in a goalful manner just one policy of making itself as independent as possible of the neighbours in regard to the essential requirements of national life.

It should be observed at the outset that there are economists

or rather politicians who find it difficult to understand, appreciate or justify the *swadeshi* movement in theory and practice. Naturally, therefore, one is not surprised to notice once in a while in the economic literature of Eur-America strong objections raised against the autarchy-movements of planned economies. The critics of the *swadeshi* movement may as a rule be described as the exponents of *laissez faire*, liberalism, free trade, international division of labour, and so forth. So far as the critics of the autarchy theory and practice are concerned, it is not at all curious that they should belong to the same group.

After the war, and especially after 1929, the economic and financial policy of the great powers was and often is yet the subject of criticism of the most varied and contradictory nature. Nor could it be otherwise. In the present world situation, nations are often obliged to manoeuvre their economies in accordance with the necessities which international relations impose or may impose in the near future. (*Supra*, pp. 75-76).

The main item of this criticism may be indicated as follows: Autarchy or self-sufficiency is illogical. It is set up against the alleged sane tendencies to the readjustment and revival of trade. A wider concept of life is said to be prevented by it,—namely, the perception that the nations are all parts of one another. Autarchy is condemned as preventing our lives both as individuals and as a nation from affording mutual help to one another. Such arguments are naive and conventional.

The reply can also be equally conventional. We have but to describe the logic of national necessity and then expatiate on some of the facts of the recent economic or political world. After the depression of 1929, every country decided to keep home markets for its own producers. That is, each tried to

promote *swadeshi* and develop nationalism. The so called "liberal" or democratic States were the first to set the example. In 1931 the United States raised the customs tariffs. *Swadeshi* was then started in a country which is often supposed to be the land of the free. It became difficult to place European goods on American markets. Europe was, therefore, hampered in the sale of a part of her production, and this led to a consequent decrease in the purchasing power of European countries.

The situation was aggravated in some countries by the fact that, before the crisis, they had been free to emigrate, while even this outlet was now almost totally suppressed. A country like Italy or Germany was faced with a reduction of her possibility of exporting labour as represented by merchandise. Other countries of Europe had to undergo the prohibition of the export of labour in the form of emigration. Then, again, before the crisis (1929) the United States were sustaining the purchasing power of European countries with a system of long term credits. But after the crisis began, even this system broke down. It was natural that the various European nations should seek to save—as they put it—the home market for their own production. It is in this perspective that the *swadeshi* movement of contemporary Europe has to be envisaged.

With the export of products and that of labour, both hampered, all that remained was to work for national consumption, and this led to the quota system. Here, again, it was the "liberal" nations that set the example, the quota system being started by France in 1931.

Another "liberal" state started a third tactic. This was England and the tactic was all-round protective tariff plus Imperial Preference. England led the way by substituting the

preference system for the system of customs equality. This is tantamount to the *swadeshi* movement for the British Empire.

These three liberal countries are also countries which possessed (and still possess), an almost total monopoly of the world's gold. They also set the pace in international economic policy. It is interesting that just these three countries which are in theory opposed to state intervention and condemn it as communistic, autocratic, and what not, started the *swadeshi* movement of contemporary Eur-America.

From the standpoint of countries like Germany and Italy, although they differ in the socio-economic structure on important points, a return, pure and simple, to the commercial policy in existence before the crisis is not possible in view of the *swadeshi* movements started in the U.S.A., France and the British Empire. They believe that the old system of trade policy has demonstrated its failure, being, in fact, one of the causes of the world economic crisis. It is also a fact that the present crisis has altered, in a manner which would appear to be enduring, the relations between the state and production.

The logic of autarchy is therefore clear. The first requirement is to guarantee parity of access to raw materials to those nations, e.g., Germany and Italy, who have a high demographic potential. In the second place, it is necessary to eliminate another absurdity namely, currency manoeuvres embarked upon for the purposes of an economic (and often a political) offensive. To pretend to maintain a currency system in which gold is said to be the standard, and simultaneously to prevent gold from fulfilling its specific function in the equilibrium of prices, as a result of those manoeuvres which have ended by sterilizing it, is another of those absurdities which have aggra-

vated, and continue to aggravate, the crisis. If the international commodity market is to function, currency must fulfil its natural function of intermediary in barter and must therefore be rendered as neutral as possible, so argue the Italian economists, for instance. It is said that Italy has given proof of greater wisdom in the currency situation, as she has influenced her currency only when compelled to do so by the manoeuvres of the powers which give the tone to the international money market.

In the third place, the new trade policy cannot but take account of the new position assumed also in connection with foreign trade by the modern State. In order that the purchasing power which the nation procures through foreign trade may not decrease, both in the absolute and in the relative sense, it is essential that trade should be maintained in a constant state of equilibrium at a time when it forms almost the whole of the balance of payments, with the result that the clearing system has become inevitable.

When all these circumstances are taken into account, it will be apparent that the *swadeshi* movements of the U.S.A., France and the British Empire on the one hand, as well as of Germany and Italy on the other are not identical with the *swadeshi* movement of India since 1905 except in inspiration and motives. Indian *swadeshi* is orientated to the economic structure of a primitive condition, say, of Russia on the eve of the Great War or the Bolshevik revolution. The problem in India has been mainly in the nature of industrialization (comprising as it does also the modernization of agriculture in technique and organization) and protective tariff. In the Eur-American *swadeshi* movements of the last decade we watch the selfsame incentives i.e. urges towards the promotion of national interests, safe-

guarding of the country's markets, and so forth. The items that demand protection, reconstruction and modification, as well as the circumstances in the competing world that require to be combated or controlled in the Eur-American regions are however much more complex than those in India, being in many instances but the attendants of hyper-industrialized and rationalized economies of the second industrial revolution.

1936. Workers' Nutrition and Social Policy. In co-operation with the International Institute of Agriculture (Rome) and the Health and Economic Sections of the League of Nations the nutrition problem of the masses was investigated by the International Labour Office (Geneva) during 1935-36. The Report of the investigations has been published as *Workers' Nutrition and Social Policy* (1936). The discussions cover such topics as nutrition *vis-à-vis* occupation from the physiological standpoint. As there are vague ideas in regard to this question among economists and sociologists throughout the world this publication will be of considerable use to them. An appendix dealing with the physiological bases of nutrition reproduces the findings of the Technical Committee of the League of Nations in their meeting in London in November, 1935. The so-called London standard of calories is indicated here. From the standpoint of nutrition politics the labour leaders as well as the students of social legislation will appreciate the appendix dealing with the historical survey leading up to the Labour Conference of the American States which held their meeting at Santiago, Chile, in January, 1936. At that meeting, the I. L. O. was requested to encourage the inauguration of wage policies in keeping with the cost of ration for 3000 calories.

The greatest importance is to be attached to the finding

that malnutrition is a world-reality. Even in the richest countries of the world the agricultural classes as well as industrial workers have been living at a diet which is considerably below the minimum physiological requirement. For instance, British experts have found that in England in certain classes the deficit in calories is sometimes as high as 1,110 to 1,795.

In case deficiency in nutrition be treated as equivalent to absence of economic optimum, i.e., identical with over-population not even the British Isles, which are alleged to be facing depopulation according to Kuczynski and others can prove to the physiologists that they are not over-populated. The subjects of demographic optimum and over-population, under-population etc require indeed to be discussed on novel foundations in the light of food and nutrition economics. The data offered by the I. L. O. publication should be a warning to the Indian calorie researchers and overpopulation-experts and counsel them to practise caution while talking glibly of the alleged over-population of India and formulating the correct demographic policy. Altogether, it is to be appraised as a work of capital importance for political workers in demography, sociology and economics.

1936. L. E. Hubbard: *Soviet Money and Finance* (London). Under the Soviet system, says he, private ownership of capital being impossible and all production being directed from the centre, a holding of cash has no use except to purchase current output; whereas in capitalist countries cash may be held for future investment. It follows that under the Soviet system the decisions determining saving and investment are taken by the same people and not by two different sets of people influenced by different motives and not paying much attention to each other. For this reason the fluctuations in employment,

production and prices which are caused in capitalist society by the disequilibrium between saving and investment should not in theory happen in Soviet Union. If, nevertheless, fluctuations in the volume of economic activity occur, Russian experience may throw a new light upon the general problem of unemployment. In Hubbard's treatment of the Soviet economy the contrasted economy is the capitalist, which is taken to be an "economy based on private enterprise, open markets and prices fixed by supply and demand."²⁰

1936. B. N. Adarkar *Indian Tariff Policy* (Bombay).²¹ Adarkar examines the claims of protection as a cure for unemployment and an aid to industrialization. A passage reads as follows. "I must add that in deprecating tariffs as a means of increasing employment, I do not imply that a country may have no use for tariff in abnormal circumstances". But altogether, "tariffs should be universally condemned," says he.

According to this rather unconventional Indian economist "the substantial amounts of revenue which Government has sacrificed as a result of its protectionist policy (i.e. sugar) could have been conveniently and with much better results devoted to the task of enhancing the efficiency of agricultural production and marketing by research, propaganda and provision of credit". The other side of protection has been forcefully presented in this work which seeks really to invite careful attention to non-protective measures as aids to the economic development of a country. The attitude is reasonable.

²⁰ B. K. Sarkar "The Economic Theory of Soviet Russia" (*Calcutta Review*, November 1941)

²¹ Compare H. L. Dey *Indian Tariff Problem* (London 1933) Contrast B. P. Adarkar *Indian Fiscal Policy* (Allahabad 1941)

1937 H. Ickes "The Planning of Public Works in the U.S.A." (*International Labour Review*, Geneva) One of the first measures adopted by the United States Congress after President F. Roosevelt took office in 1933 was the National Industrial Recovery Act which provided, among other things, for the creation of a Public Works Administration for the purpose of carrying out a big programme of public works. Other programmes were subsequently added but they were of a somewhat different character, being more in the nature of relief works than of public works designed to "prime the pump" of business recovery.

Timing construction of useful public works so as to provide employment in times of depression is an idea which has had a long history, but the application of this idea has been, until recently, sporadic and on the whole unscientific. When the Public Works Administration was created in the United States in 1933, there were no reliable estimates as to the cost of employment through the various kinds of public works. Similarly, there was no agreement as to the proportion between off-site or indirect labour to on-site or direct labour. Knowledge of this ratio is essential in judging the economic regenerative effect of a public works programme. Now, after nearly four years of operation throughout the United States, PWA can point to its accomplishments in terms of permanent utilitarian structures, employment, and invaluable additions to scientific knowledge of the problems involved.

Catalogues of projects and pertinent scientific data are being accumulated all the time. By 1 February, 1937 PWA had received 24,055 applications for allotments, had made 9,328 allotments and had approved for allotment 2,865 others. These two

thousand odd projects stand now as a reserve to which allotments can be made at any time when the need arises but it must be remembered that the list will constantly be changing as cities find other means of financing their projects and as other projects are approved by the examining divisions of PWA

Another catalogue of great value for further public works is the report of the National Resources Committee This report presents a long list of projects which are considered advisable for the development of the water resources of the country and all the drainage basins of the country are included The value of this kind of report is by no means remote

In 1929 the total volume of all construction in the United States amounted to some \$12 000 000 000 In 1932 before the establishment of PWA the pendulum had swung so far in the other direction that the total volume of construction was less than \$ 4 000 000 000 Figures available for the year 1938 indicate that one third of all construction was financed by public bodies—the Federal Government or State Governments or their local subdivisions

With millions of workers unemployed and most of those who were still on pay rolls receiving wages which had been drastically cut the demand for consumers goods and services decreased materially resulting in a corresponding slash in the number and in the wages of those engaged in supplying consumers demands Evidence of the decreased activity in these industries is the fact that retail sales for 1933 dropped 47.7 per cent from their 1929 total

PWA turned the tide in the construction industry Statistical proof of this is offered in graphs showing the 5 year precipitous drop in construction from 1928 In 1934 when the bene

fits of the first building programme undertaken by PWA were being felt, there was an upward movement for the first time since 1928. Public construction during 1934 showed a 52 per cent. gain over the previous year, and the line has continued to rise since that time.

These gains of the construction industry were reflected in gains of allied industries, starting them back towards normality. How was this striking reversal of economic trends effected? The Congress, accepting the theory of public works, made large appropriations for building activities. To PWA went \$ 1,478,013,103, for its non-Federal works programme and \$ 1,126,101,550, for the development of Federal low-rent housing projects. In addition to this, \$ 1,557,762,044 was made available for undertakings of the various departments of the Federal Government, while this money was allotted by PWA, it is not considered part of the PWA programme proper. For all construction purposes, congressional appropriations totalled \$ 3,151,029,882, of which less than half went to PWA.

Under the first programme undertaken by PWA a grant of 30 per cent. of the total cost of labour and materials was made and the local governmental body accepting the grant was required to provide the remainder of the cost. This arrangement was liberalized in the second and in the current programme, and PWA now provides up to 45 per cent. of the total cost, with the grantee putting up 55 per cent. from its own funds.

In cases where the recipient of the grant was unable to raise its share of construction costs, either from funds available or through the issue of securities to be purchased by private investors, PWA accepted the responsibility of making a loan at

4 per cent if the applicant was able to provide reasonable security guaranteeing the return of the money

1937 Giorgio Mortara *Prospettive Economiche* (Economic Prospects) Milan Economic autarchy is considered to be the need of the hour in Italy National self sufficiency — *swadeshi* as known in India — as an ideal was forced upon Italy in 1935-36 during the Abyssinian (Ethiopian) War especially on account of the sanctions or economic boycott declared against Italy by the League of Nations under the guidance of the United Kingdom *Autarchy* as a movement has been going on unabated since the victories in Ethiopia The Italian Empire has been pursuing it in several stages The progress already achieved in agriculture is being pushed forward The raw materials of the country are being utilized to the fullest and also being improved upon or artificially remade by scientific and technological processes And finally the passive items in the trade balance are being sedulously eliminated as far as possible A Marescalchi's *L'Agricoltura Italiana e l'Autarchia* (Turin 1938) furnishes evidence of the Italian *swadeshi* movement from the agricultural side

1937 May 8 Rabindra Nath Ghosh *Birth Control and Population Growth* In this paper read at the *Bangiya Dharma Vijnan Parishad* (Bengali Institute of Economics) Rabi Ghosh observes Certain Indian economists are scaring us with the possibility of over population in the near future and as an antidote they are suggesting the widespread use of birth control methods A report of the Society for the Provision of

Advice (Calcutta) 15 May 1937 and *Forward* 17 May 1937 For B. K. Sarkar's Italian paper on population see *Pol Phil* Vol II Part III (194) pp 177-179

Birth Control Clinics, London, shows that even European women have failed to take advantage of such clinics. Our experience is not likely to be otherwise. Early marriage in India does not necessarily mean early motherhood. Balfour's report proves it. In India women die in childbed not so much for child marriage as due to emaciation consequent on malarial attack. In India population has not grown faster than in most of the European countries, as demonstrated by Benoy Sarkar in his Italian paper of 1931. The rate of growth has not also been the same in each decade. It is dangerous to jump to conclusion on the basis of the result of a single decade. The age-composition of the population in the last decade indicates that the population within 15-50 age-group is 55% of the total population. In the case of the Parsis this age-group is as high as 56.7%. Life table shows that the deathrate is about 20% over the age of 50. Therefore in thirty years the deathrate for the whole population may as well rise to 40% in place of 24%.

"The growth of population also depends on the proportion of male to female population. In this respect the problem of the different communities in India is not the same. It is said that a rise in the marriage-age of girls will check the population. But statistics show in certain cases that a rise in the age of marriage of girls may not diminish the number of children born to a woman but increases the number of those that survive. Kuczynski says that when the net reproduction rates exceed unity then the population is sure to grow. Before finding the net production rate of our country, it is unscientific to pass any sweeping judgment.

"In considering the optimum population of a country we have to think of its standard of living and the income per head of the population. It has been ascertained in Western countries

that 250 persons to the sq. mile can depend on agriculture. India is prominently an agricultural country, the density of population being 195 to the sq. mile and therefore not over-populated. Pressure of population in Bengal is heaviest but a consideration of the percentage of cultivable lands actually cultivated proves that there is scope for further growth. Besides, the problem differs with province, district and locality. Our lands also may be made to yield better crops. India is fast becoming independent in textile products. And food and cloth are the two main items of expenditure in our budget. Our standard of living is not growing worse, if not better.

"A check on the birth rate will not necessarily improve our standard of living. But whatever increases productivity increases the means of life and provides for a larger population. Slow but steady industrialization of our country is helping to raise the standard of living. It seems that a rise in the standard of living can only check the growth, if there is any need".

The Director of Researches (the present author) makes the following among other observations while commenting on the paper "The Census Departments and Statistical Bureaus of all countries as well as of the League of Nations publish only 'crude' rates. These have no reference to the age-composition of the population.

"The number of infants (under 1) and children (under 5) i.e. their proportion in the population is relatively smaller than before on account of decline in fertility. But it is mainly in this age-composition (0-5) that reduction in mortality has taken place in considerable dimensions. In other age-compositions the decline in mortality is not as much as the crude death rates seem to indicate. But the crude death rate which says that so

many persons died per yer per 1,000 inhabitants cannot take cognisance of these changes and therefore cannot be an index to the exact demographic situation in a country. Correct death rates have to be computed by examining the life-tables, year by year. Demography is getting based on *actuarial* science.

"In the case of birth rate, again, the crude rates, i.e. so many births per year per 1,000 inhabitants, possess no special value. Correct birth rates are to be found by examining what is called the gross reproduction rate, i.e. the number of girls born per 100 women, married or unmarried, between, say, the 15th and the 45th year. The computation of growth rates (i.e. birth rates minus death rates) requires therefore to be placed on new foundations".

For the politics of population questions the Part III of Vol. II. (1942) of the present work may be referred to (Pages 173-203). This is the epoch of Korheri, Pearl and Kuczynski.

1937. A. S. J. Baster: *The Twilight of American Capitalism*, (London). The American "New Deal" is examined as an experiment in economic control from 1933 to 1936. Baster believes that it has led to the promotion of production and labour monopolies and anti-democratic tendencies.

1937. Pankaj Kumar Mukherjee: *Labour Legislation in British India*. Indian labour, until a few years back, was characterized by two elements. First, it was principally agricultural labour. Secondly, it appeared to be industrial worker only in an off-season. The temporary nature of labour can still be found in mines and plantations. If India is to become industrialized she cannot get over its evils. She has no other alternative but to frame social laws which alone can save her from its harrowing degeneracy. The associations of labour form an im-

portant phenomenon in the "neo-capitalist" era. Mere protective legislation cannot be effective in the absence of social co-operation. Welfare organizations of labourers are required "not to start strikes and complications in the labour life" but "should evince the heart of the society as a whole, and not of a section of it" The latest phase of world-economy has been described by Sarkar as "neo-capitalism" which is capitalistic socialism or socialized capitalism²³ The days of unalloyed socialism or un-mixed capitalism are over. The *rapprochement* of labourers and capitalists clearly manifests the legitimate function of labour organizations.

1 1937. Social Insurance in Great Britain. The two social insurance measures which the Government of the United Kingdom announced at the end of 1935 did not come before Parliament in 1936 They figure, however on the legislative programme for 1937 The first of these measures is the establishment of a scheme of voluntary old-age, widows' and orphans insurance for persons of limited means who are not liable to insurance The second is the reduction of the age of entry into national health insurance so as to coincide with the school-leaving age, thereby securing continuity of medical care at the transition from school to employment. The Government also proposes to assist the blind by granting them a non-contributory pension at the age of 40, instead of 50 as at present

23 B K Sarkar *Social Insurance Legislation and Statistics* A Study in the Labour Economics and Business Organization of Neo-Capitalism (Calcutta, 1936), pp 76-79 See R K Das *Principles and Problems of Indian Labour Legislation* (Calcutta, 1938) and *History of Indian Labour Legislation* (Calcutta, 1941)

The proposed voluntary pension insurance scheme will provide old-age pensions at the age of 65 and widows' and orphans' pensions at the same rates as those granted under the compulsory scheme. Persons entering during the first year for which the scheme is in force will be insured under very favourable conditions. They will be accepted at any age up to 55, and pay a low uniform contribution. A large proportion of the benefits of these initial entrants will fall to be borne by the State. Persons entering afterwards will only be admitted up to the age of 40, and will have to pay contributions proportionate to their age at the date of entry. The scheme is intended for small shopkeepers, farmers, dress-makers and other persons working on their own account and also for persons of small independent means.

The proposal to lower the age of entry into health insurance is in harmony with the Government's recent decision to follow a vigorous policy for the improvement of the nation's physique, and may perhaps be an earnest of further steps to improve the preventive and curative efficacy of the health insurance scheme.

Any improvement, however, would require additional resources. In this connection the steady fall in the level of unemployment is very helpful. It would seem that from this cause the contribution-income of health insurance in 1936 will be found to have exceeded the 1935 figure by at least £750,000. Meanwhile voluntary effort is beginning to fill one of the gaps in the curative benefits of health insurance. Some two million persons now contribute under a scheme of insurance which secures them free hospital treatment.

A movement to make the old-age pension an instrument for reduction of unemployment has been active for some years

past The demand is for a higher rate of pension to be granted on condition of retirement from industry and if possible at the age of 60 instead of the present age of 65

At the Labour Party Conference in 1936 resolution to this effect was unanimously adopted The Government's view however is that the grant of a higher pension at a lower age would be uneconomical as a remedy for unemployment the pension would in practice have to be granted, not only to persons of pensionable age now employed who consent to retire but also to all those who have already left industry and to those who would have retired under present conditions of their own accord furthermore those consenting to retire on pension would be replaced by a smaller number of younger persons

Without waiting for State action however the more prosperous firms and industries are themselves setting up pension schemes to supplement the benefits of the general compulsory scheme At least 500 000 industrial workers are covered by such schemes the number of which continues to grow year by year Among those introduced in 1936 may be mentioned that of the United Steel Company with 70 000 workers and that of Imperial Chemical Industries with 43 000

1937 Factory Labour in Japan The year 1937 is most eventful from the standpoint of the labor situation says the *Oriental Economist* (Tokyo) The sharp upturn in commodity prices between the end of 1936 and well into April of 1937 expands the earnings of the entrepreneur and raises living costs thus furnishing the grounds for widespread labor disputes This labor unrest however is checked by the exigencies of the Sino Japanese hostilities and later the number of such controversies begins to decline In fact the majority of labor organi

zations voluntarily express the strain that as long as the China conflict lasts they will cease to engage in such disputes. The simplification program of industrial productivity and the call to the colors of an increasingly large number of men of military age serve to aggravate the labor shortage, which begins making itself felt as early as spring. At the same time, the hours of labor for those already in employment have to be extended, of course at a higher rate of pay, as a matter of urgent necessity.

During the first six months of 1937 there are 1,455 labor controversies, or an increase of 66%, and the number of workers involved therein is 181,531, or a fourfold increase. These figures are the highest on record in the labor annals of Japan, exceeding the previous highs of 1,079 disputes with 84,344 workers involved, which were recorded for the first half of 1931.

The demands which labor makes in these disputes are for better pay, shorter hours, freedom to form unions or recognition of unions, and other claims of a more constructive character from the standpoint of the workers. Indeed, as classified by the nature of demands, more than 58% of the disputes belong to the above categories, clearly showing the aggressive attitude of the workers. After the outbreak of the China hostilities, however, the tendency changes. During the second half of 1937 there are 651 disputes in which 30,080 workers are involved, or 488 fewer disputes and of 19,086 fewer workers involved. This unmistakably reflects a change in the attitude of labor owing to the hostilities. In fact, the Japan Federation of Labor at its national convention on October 17 and 18 adopts a resolution outlining its guiding policy as non-dispute and industrial co-operation. Later, the Social Mass Party follows suit.

On the other hand, the continued business revival which

centies on brisk activity in the arms and ammunition field, creates an acute and rapidly expanding labor demand. The Bank of Japan index of labor employment in privately operated factories was 108.5 at the end of December 1936, moves up to 117.6 at the end of June 1937 and again rises sharply to 123.2 at the end of December. The result is that an army of unskilled workers received employment and the hours of those already employed are extended. Consequently, while the average per capita wage rate fails to show a marked rise, actual wages rise appreciably. The Bank of Japan index of wage rates was 83.3 last December-end, in advance of 3% over 80.9 a year before. Until September actual wages are at a standstill, but thereafter they move sharply upward so that from 96.1 in September they rise by 6% to 102.9 in December. The increased real earnings of course contribute much toward improving the workers' living conditions, but the fact must be recognized that the increase is brought about partly by the extension of working hours. The acute labor shortage that is responsible for this situation can well be imagined. To remedy the difficulty of obtaining machinists, for instance, the Commerce and Industry Department last year-end established a training school, and at the same time many government operated and private factories are subsidized by the Government for training skilled workers at the rate of 2,700 men a year. Nevertheless, the labor shortage still remains an acute problem of Japanese industries.

1937, July 31. The German Four-Year Plan.²⁴ Centralized nationalization on the one hand and economic "autarchy" or self-

²⁴ Benoy Sarkar's lecture at the Bengali Institute of German Culture, Calcutta. See the *Calcutta Review*, February 1938.

sufficiency on the other together with the attempt to render imports dependent on the volume of exports constitute the fundamental features of the Four-Year Plan as organized by General Goring, the Premier of Prussia, for Germany in January, 1937, according to the instructions of Adolf Hitler in September, 1936. To a certain extent one may see in this economic planning or planned economy of Goring for Germany something like a copy of the three Five-Year Plans of Soviet Russia. From other viewpoints it may be regarded as the German edition of the British and French Imperial Preferences. The technical, economic, financial and social bearings of this comprehensive and totalitarian planning are regularly described in the monthly journal, *Der Vierjahresplan*, edited by Dr Erich Gritzbaeh (Berlin) since January, 1937. The directions come, of course, from Goring who is the *Beauftragte für den Vierjahresplan* (authority for the Four-Year Plan).

At the outset it is proper, however, to get an objective idea of the ascending curves of German economy since the establishment of the Nazi regime in 1933.²⁵ In the economic domain the Hitler-state has implied a regime of recovery and expansion. For all practical purposes 1937 may be said to initiate the "second" Four-Year Plan of Germany, because the first Four-Year Plan commenced in 1933 with the *début* of the Nazi regime.²⁶

25 F. Seldte *Sozialpolitik im Dritten Reich* (Berlin, 1935), pp 18-29; L. Siebert *Die neuen Wege in der deutschen Wirtschaft* (Munich, 1936), pp 39, 44, 56; M. Frauendorfer *Idee und Gestalt der standischen Neuordnung* (Berlin, 1936), pp 26-29; *Deutschlands Wirtschaftslage an der Jahreswende 1936-37* (Reichskreditgesellschaft, Berlin, 1937). See *supra*, pp 79-80.

26 B. K. Sankar "Economic Planning as Defined by Hitler"

As soon as Hermann Goring was entrusted (October, 1936) with the organisation of the Four-Year Plan, the German Raw Materials Office was set up. The business of this office is to see to it that Germany is enabled as soon as possible to be independent, so far as this can be achieved, of the import of foreign raw materials. A point of paramount importance is the provision of methods by means of which the less valuable of German ores may be brought to the foundries. The synthetic production of necessary raw materials from Germany's rather unlimited supplies of coal, salt, wood, water and air is the principal problem. For these reasons, Germany's raw material problems have been left for solution to the work of engineers and chemists. In Germany today raw materials are no longer the mere gifts of Nature, many of them are swiftly becoming the manufactures or creations of man.

Another of the important tasks of the new office is the organizing of the change-over in industry to synthetic materials. This technocratic transformation is being attended to in a careful manner. Every effort is being made to encourage German manufacturers to try out and to work with these raw materials. Articles and photographs are published to show their advantages, and exhibitions have been organized with this purpose in view. The most important of such exhibitions is the *Schaffendes Volk* (Creative People) Exhibition at Dusseldorf, which is opened by Goring himself (1937).

According to Loeb, who is the head of the raw material sup-

(*Indian Commercial and Statistical Review*, Calcutta, July, 1934) "What is the Transfer Problem of Germany?" (*Calcutta Review*, September, 1934), "Economic and Social Reconstructions in Germany" (*Empire Journal*, Calcutta, November and December, 1936)

plies department, Germany's chief problem today is her supply of iron. All efforts are being concentrated on increasing the home output of iron ore and substituting non-ferrous metals wherever possible. In the course of next three years the production of aluminium is to be doubled, and magnesium, which is plentiful, is to be used very extensively as a substitute for iron. Wood, the valuable raw material from which cellular goods, sugar, spirits, petrol and artificial cork are made, is to be saved by burning coal and peat. No less important is the increase in Germany's sheep breeding and the cultivation of hemp and flax. Loeb has predicted that Germany would be in a position to dispense with foreign supplies of motor spirit in three years.

In 1934, Hjalmar Schacht, Minister of Imperial Economy and President of the Reichsbank, announced the new foreign trade plan at the Leipzig Autumn Fair. The fundamental purpose of this plan was defined in the following terms.—“not to purchase more than can be paid for and above all only to buy what is necessary for use” Schacht proclaimed thereby that the economic aim in view was, first, to bring foreign trade into line with the requirements of mutual commercial relations, and secondly, to make imports of Germany dependent on her exports. Account was taken also of the eventual increase in raw material production of Germany so as to secure a revival in the activity of the German internal market. The Four-Year Plan, initiated in 1937, the object of which is to secure the independence of German raw material supplies, is therefore but a continuation of the principles underlying the foreign trade plan as proclaimed in 1934. In pursuance of this aim, German imports were brought into line with and made dependent upon German exports. As far as actual figures go, German exports in 1936 in-

creased by nearly RM. 500,000,000, whereby the export surplus went up from RM. 111,000,000 in 1935 to RM. 550,000,000 in the following year. The corresponding rise in imports was only a very slight one.

It is necessary to point out that "Register Marks" represent a factual devaluation of the German currency. Although Germany has not legally and formally devalued the entire currency she has introduced effective devaluation to a certain extent and for certain purposes. For instance, this devaluation of Reichsmarks is enjoyed by foreigners travelling in Germany. With their foreign monies they get more Reichsmarks per unit for the purposes of travel in Germany than they can obtain abroad on the open market. The German money that they get for such purposes by exchanging their own monies is called "Register Marks" (*Supra*, pp. 61, 95).

Naturally, the autarchic measures of the German Four-Year Plan are not calculated to place Germany in splendid isolation,—no more than are the Imperial Preference measures of England and France or the ordinary tariff policies of the U.S.A. and other countries planned to declare these regions closed to world-trade. In other words, neither Germany nor any of these countries is heading towards a *geschlossener Handelsstaat* (closed commercial state) of Fichte. In all these endeavours we should rather watch the realization of what may be called neo-protectionism as contrasted with the 100 per cent free trade or 100 per cent protection of pure theory²⁷ (*Supra*, pp. 99-104).

The reference to the Russian plans must not blind us, more-

27 B K Sarkar *Applied Economics*, Vol I (Calcutta, 1932) and *Imperial Preference vis à-vis World-Economy* (Calcutta, 1934)

over, to the fact that the efforts of the Soviets since 1919 and especially since 1928 are but the attempts of an essentially agricultural and relatively unindustrial region to get industrialized at break-neck speed and catch up to the technocratic and capitalistic achievements of the "industrial adults" of Western Europe and America. But Germany, previous to the advent of the Nazi power in 1933, was already a hyper-industrialized state. What the Nazi regime has set before itself is to raise this hyper-industrialized territory to the next higher flights of technocracy and capitalism adapted to the requirements of the "second industrial revolution".

The universal character of national-socialistic economics has been well recognized by Wiskemann when he observes that in the struggle against *laissez faire stehen wir Deutsche nicht allein* ("we Germans are not alone") (*Supra*, p. 80)²⁸

1937, September Work and Leisure Unemployment on the one hand and shorter hours per day on the other have rendered the question of profitably and agreeably using the leisure very serious for the broad masses of the people. Besides, the industrial revolution has broken the rhythm of family life, agricultural economy and rural community. In Bengal the district of Maldah with its *Gambhira* folk-songs and folk-dances of April, *Ha-du-du* sports of July and *banhich* (*regattas*) of October still maintain, although somewhat poorly, the old rhythms of life (cf. the present author's *Folk-Element in Hindu Culture*, London 1915, and *Villages and Towns as Social Patterns*, Calcutta, 1941)

²⁸ E. Wiskemann *Der Weg der deutschen Volkswirtschaftslehre* (Berlin, 1937), p. 9. See also Schacht's lecture on the dangers of over-emphasis on the international division of labour at the *Band der Freunde der Technischen Hochschule München* (1935).

Attempts to revive some of the analogous institutions of the folks in Eur America under the contemporary conditions of centralization and rationalization associated with the neo socialism of today are to be noticed in the recreation movements of England France America Germany (*Kraft durch Freude* or Strength through Joy movement) Italy (*Dopolavoro* or After work movement) and so forth. The International Congress of Recreation had its first session at Los Angeles U.S.A. in 1932 and the second at Hamburg in 1936.

Moni Moulik lecturing at the *Bangiya Sarin Vijnan Parishat* (Bengali Institute of Sociology) Calcutta describes the *Dopolavoro* as follows. The festivals of the pition saints the triumphal cars mystery plays are being rendered popular in Italy. Then there are the spring and harvest festivals of the agricultural folk in the villages. The workmen the Government servants as well as the rural classes have all been touched by the new spirit. The *Dopolavoro* was introduced officially by Mussolini in 1935.²⁹

1937 A. C. Pigou on Socialism or State Action³⁰ Pigou's position in *Socialism vs Capitalism* (London 1937) is in *Economics in Practice* (1935) is generally identical with that in *Industrial Fluctuations* (1927) nay in *The Economics of Welfare* (1920). As a classicist or rather a neo classicist he finds in these works a scientific justification for socialism or state intervention according to the merits of each case without in any way yielding to the postulates of Marxism or class struggle. The works of

²⁹ M. Moulik *Italian Economy and Culture* (Calcutta 1940) pp. 47-59.

³⁰ *Supra* pp. 61-62.

1935-37 being Pigou face to face with the Gosplans of Soviet Russia and the world-wide *milieu* of planned economy. At this stage Pigouism expresses itself as follows: "The system of socialist central planning, if it could be effectively organized would be in many respects preferable to our existing capitalist system" (*Socialism vs Capitalism*, p. 102). To this extent Pigou has advanced very far from the attitude of the earlier works. "But one must not take him as a whole hogger in conversion to socialism. For, says he, "the problem of organization is extremely formidable and an ideally inferior system that works fairly smoothly may be better on the whole than an ideally superior one whose machinery creaks and groans".

About the protection of infant industries Pigou has the following observation in *Economics in Practice* (London, 1935): "How likely is it that Government will choose suitable infants to protect, that it will protect them for a suitable period and when the need for it is over, remove the protection? Everybody knows that not a few of these infants have refused to grow, and that not a few have been transmuted into formidable and fierce old men of the sea!"

Planned economy or state planning can be recommended by Pigou under special circumstances, e.g., with the object of preventing disharmonies in production. In the matter of removing some of the disharmonies of distribution, e.g., by social service expenditure in old age pensions, war pensions, unemployment insurance, public health, housing and education etc. "the state planner has the good wishes of all humane men. The issue about which popular writers argue—the principle of *laissez faire* vs the principle of state action—is not an issue at all. There is no principle involved on either side. Each parti-

cular case must be considered on its merits in all the detail of its concrete circumstance

The problem of socialistic planning or communism as developed in Soviet Russia has been dealt with at length in my *Villages and Towns as Social Patterns* (Calcutta 1941) in connection with von Hayek's *Collectivist Economic Planning* (London 1935). The arguments would apply also to Pigou's position as indicated above as well as to that of Keynes. See *supra* pp 81-98-99.

1937 October 9 John Simon Chancellor of the Exchequer *Booms in Britain* (a lecture in response to the toast submitted by the Lord Mayor at Mansion Hall London). Last Year at this banquet my predecessor was able to say that no setback was visible in the growing recovery we had been enjoying during the last few years. The year 1929 was on the whole a year of prosperity but by 1931 the nation was plunged into the depths and when we looked up to the heights from which we had so rapidly descended it needed a resolute heart to believe that we would re attain them. Our main hope and efforts have been to recapture the level we had reached before the depression. This year however we have for the first time climbed up again higher than we were in 1929 on the other side of the valley. At last as we draw breath and look back we can see that we are higher up the rising slope than we were in 1929 before the drop occurred.

The volume of employment of the insured population is more than 10 per cent in excess of 1929. Nor does this increase reflect merely that the numbers of the working population have increased and that more are at work. Production as a whole has increased appreciably more than the increase in volume of employment. This progress is not only due to new inventions

or new demands for luxuries. Older, staple, heavy industries (e.g. iron and steel and engineering) are producing one-third more than in 1929. If we are no longer the workshop of the world, yet our old-established industries do not (as some feared a few years ago) show any signs of decay. Even the textile industry, which has encountered special difficulties on account of world changes, is producing over 5 per cent more than in 1929.

It is particularly satisfactory to note that British shipping is much more fully employed than in 1929. In that year the volume of shipping laid up was nearly 400,000 tons. This figure increased during the depression to the stupendous figure of over 2,000,000 tons, but it has now fallen to the negligible amount of 60,000 tons.

And again, the production of food, drink, and tobacco is up nearly 20 per cent as compared with 1929, and boots and shoes by nearly 25 per cent. The special significance of these figures is that they reflect improvement in the standard of living of the people as a whole.

Among the newer industries, the most striking progress has been made by electricity, the consumption of which has almost doubled since 1929. The outward and visible signs of this change are in the great new power stations and the virtual completion of the grid. There is no need to discuss the relative merits of electricity and gas, for it is clear that the gas industry has not declined since 1929. The output of motor-cars has reached a new high record during recent months. Production of rayon is over three times as much as it was in 1929.

These are very cheerful figures and justify us in claiming that our internal position is sound, for while there has been some

rise in prices this has been accompanied by a great increase in the production and in employment

1938 May Juvenile Workers in Germany A German law regarding the employment of young persons and the hours permissible for the employment of juveniles between 14 and 18 is passed in May 1938 This extends the provisions of previous laws in certain important points The age at which juvenile employees cease to be regarded as such has been increased from 16 to 18 and all young persons (including those employed in their parents' businesses) are included in the provisions of this new law None may work for more than eight hours and up to the age of sixteen it is forbidden to employ children over time Between 16 and 18 stern limits have been set to any overtime work No young person may be placed in a night shift Very important are the new regulations with regard to rest periods during the day and the giving of long weekends both designed to prevent young people from being overstrained The law also decrees definite holidays each year Juveniles under 16 years of age must be given 15 working days' holiday each year and those between 16 and 18 must be given twelve days In special cases this holiday may be extended to 18 days

A measure has recently been taken with regard to young people in country districts that is designed to provide better opportunities in life for the agricultural population Every effort is being made to render the work of the countrymen more attractive and to improve social conditions on the land The first thing tackled was the housing of agricultural labourers In order to attract young people of intelligence and calibre to the land the Agricultural Youth Society has been founded having its seat in the market town of Goslar This Society has been

entrusted with the task of making out a tariff of the financial provisions required for a youth to be apprenticed to the trade of farming, and to find means for those who cannot themselves supply them. Agricultural landlords are prominent in the Society, and it is also supported by those industrial enterprises that have an economic interest in seeing agriculture established on a firm and solid basis.

The statutes of the Society provide that young people coming to them for assistance, must have taken part in the State Trade Competitions, a proof that these competitions will gain in importance as time passes. They are now not only a decisive test of the efficiency of the country's youth, but also of the abilities of adult wage earners. The tests applied are designed to enable the most capable youngsters to be selected for special training, irrespective of birth, rank or wealth.

1938, July 24 Sachin Sen ³¹ *Fundamentals of an Agrarian Programme* (Lecture at the Politics Club, Calcutta). The mere nationalisation of agricultural land is not in reality a desirable consummation. Nationalisation, as is understood, vests ownership in the hands of the State. Government ownership is often introduced not as a democratic measure for the benefit of the people but as a fiscal measure to provide revenue for the Government or to facilitate its military operations. In fact, nationalisation does not carry matters far, it does not necessarily assure bright future for agriculture and agriculturists. Accordingly, there is significance in the demand for socialisation, and not for nationalisation. The motivating force of socialisation is

³¹ Author of *The Tenure of Agricultural Land and Studies in the Land Economics of Bengal*

different from that of nationalisation. In a scheme of socialisation the control and ownership vest in the working class. Emphasis should be placed on collective ownership and not on Government ownership. Under Government ownership there is no guarantee that the imperfections will be weeded out, much will depend on the character of the Government established. All the contradictions of the capitalist regime may be merely continued even under Government ownership. Therefore, the demand for nationalisation is a deceptive demand. If the demand itself is deceptive, it is far more injurious to pursue the demand in India where Government is not in the hands of the people, far less in the hands of the working class.

The Congress agrarian programme is in some respects unsuited to the needs of the occasion. It is vague when it seeks to continue the existing landlord-tenant system affording protection to the cultivators. It is more political than scientific when it urges on "substantial reduction in respect of rent and revenue demands" and "fair relief of agricultural indebtedness including arrears of rent and revenue". The programme also broadly declares that *ryots* should have the "freedom from oppression and harassment at the hands of government officials and landlords" and "a just allotment of the State expenditure for the social, economic and cultural amenities of villages." The Resolution of Lucknow Congress (1936) condemns the antiquated and repressive land tenure and revenue system. In the resolution of the Faizpur Congress the following specific points are urged for immediate relief: (1) substantial reduction in rent and revenue; (2) exemption of uneconomic holdings from rent or land tax; (3) assessment of agricultural income on a progressive scale subject to a prescribed minimum; (4) lowering of the

canal and other irrigation rates (5) abolition of all feudal dues and levies (6) fixity of tenure with heritable rights (7) co-operative farming if possible (8) removal of the burden of rural debt (9) wiping out of arrears of rent (10) provision for common pasture lands (11) recovery of arrears of rents as civil debts and not by ejectment (12) living wages for agricultural labourers (13) recognition of peasant unions

The Congress Election Manifesto (1936) emphasises that the relief in the matter of indebtedness by way of moratorium or scaling down of debts and providing for cheap credit facilities by the State should extend to the agricultural tenants peasant proprietors small landholders and petty traders

The above programme is political not economic. It is political in the sense that there is keenness in the matter of satisfaction of immediate grievances of *ryots* by showing concessions even when they are unwarranted. The whole emphasis is on the transference of rights to *ryots*. It is not economic in so far as it does not attach importance to the improvement of the resources of production and methods of distribution. It does not seek to enlighten the human unit and to make agriculture remunerative.

Sen's criticism of the Congress programme does not obviously rest on secure foundations. Many of the items in this programme are without doubt directly economic. Those items which are political or legal in form are also not without economic consequences on agriculturists as well as society.

1938 The Rôle of the State in French Economy

To the historian of economic ideas and development the creation of the *Conseil National Economique* will appear to be one of the most characteristic evidences of the economic and social evolution in the twentieth century. It is a post war crea ✓

tion and one that reveals a novel state of mind. Among its founders is to be reckoned by the side of the representatives of *Confederation Generale du Travail* a pure scientist Prof Charles Gide the most independent and humane of economists.

During 1938 (six months) the Council conducted minute enquiries into the national economic problems either at the request of Government or on its own initiative. Among those problems we may mention the deficit in the balance of trade agricultural output and the supply of credit.

It prosecuted concurrently the investigations undertaken last year the problem of labour and unemployment including a thorough study of the professional training of labour in industry trade and navigation.

The organisation of labour the relations between employers and wage earners have claimed special attention and attempt has been and is being made to perfect the processes of conciliation and arbitration while applications for the extension of collective conventions have been carefully taken into consideration. In so doing no effort has been spared to bring about in agreement between the representatives of employers and workers is to the amendments that might be introduced in the ways and means of applying the law on the 40 hour week.

In February 1938 Georges Bonnet instructed the *Conseil National Economique* to carry on a rapid survey of the problems raised by the deficit in the balance of trade insofar as agricultural output is concerned. An initial committee made up solely of representatives of agriculture was entrusted with the duty of hearing the suggestions of the farmers and to draw up jointly with the leading agricultural bodies a comprehensive synopsis of concrete proposals. Then a second committee was

set up, comprising besides the representatives of the farmers those of trade and industry, of the colonies and of the consumers for the purpose of comparing the proposals of the farmers' representatives of the other forms of activity. The object was to evolve such solutions as might best suit the general interests of the country—a task of collation and conciliation which is the very justification of the National Economic Council's existence.

The representatives of the farmers dwelt on the fact that while the greater part of the profits, in the balance of trade come under three main headings—textiles, motor-fuel and oil products—it would be a mistake to overlook one of the outstanding causes of the agricultural depression and the comparative desertion of the countryside, viz., the growing neglect of a number of products erroneously held to be of secondary importance though of great value really both from a social and from an economic point of view. The Committee was led, moreover, to consider the situation of French agricultural prices as compared with world prices.

At the moment, the general statement summing up the views of the representatives of the farmers serves as basis for the task of collation performed by the Committee and the five sub-committees it has appointed. The views are recorded below:

The Committee of Supply has enquired into the *threefold problem of credits for the farmers, financing of State deals and medium term credits*. In order to promote the granting of loans to the farmers, it is necessary in the first place to limit mutual loans to farmers, while defining accurately such operations as can be financed by those loans. The strict discrimination between those operations must depend, moreover, upon the length

of the term. The protection of the peasants' savings would be strengthened were the farmers' loan funds, without having recourse to advances from the State, to form regional and subsequently nation-wide groups and build up among themselves a depositors' insurance fund. A dual system of control should be thought out applicable to both classes of funds: on the one hand, a very strict control, both of a technical and an administrative character, should be exercised over such farmers' loan funds as may apply to the State for financial assistance; on the other hand, due protection of the savings of the rural population, as well as the granting of a special fiscal statute both justify the setting up of State control over such funds as do not apply for financial assistance. This credit machinery requires the financial education of the rural communities.

The financing of State deals is dealt with in a Report by Devillez, auditor at the *Cour des Comptes*, who points out the administrative difficulties in the way and suggests a number of appropriate measures for their removal. It is important, here and now, to introduce into the deals of the several public Departments, common provisions of a nature to lighten the difficulties of both contractors and purveyors, without whittling down the guarantees protecting the rights of the State. The provisions contemplated relate *inter alia* to the system of surety-bonds, discounts and payments, and the generalizations of the process of order letters.

In these conclusions, be it noted, is to be found the inspiration of the decree-law of May 2, 1938, relating to credit, in regards the special provisions dealing with the regulation and financing of administrative deals. Such provisions, it is stated in the preamble to the decree, are intended to remove the difficulties "recently

voiced by the *Conseil National Economique* and met with in the implementing of these deals".

The Credit Committee, likewise at the behest of the Central Committee on Medium Term Credit enquired into the main difficulties now standing in the way of the extension of such medium term credit in France.

The 40 hour week has been the subject of a number of draft decrees taken into consideration by the National Economic Council, notably as regards the extension to Algeria of legislation already in operation in France, the recuperation of the hours lost in consequence of collective unemployment, and the extension of working hours in the event of an extraordinary increase of extra work.

Finally, the *relations between employers and wage-earners* and the *extension of collective bargaining* have been dealt with in a number of highly interesting studies and reports. The Council's suggestions have been adopted by employers and wage-earners in the Decree Laws of May 2, 1938 as regards the extension of collective bargaining.

1938. R. J. Truptil. "The Second Five-Year Plan," a paper in the *Lloyds Bank Monthly* (London) As early as 1931 Stalin made a pronouncement against the excessive persecution of the intelligentsia and the engineers by the G.P.U. In 1933, he advocated in a famous article more restraint in the methods of collectivisation in the villages.

For the last three years continuous efforts have been made to humanise the system. The Bolsheviks have learned to recognise the "necessary vital connection between the interests of the national economy as a whole and the improvement in the material condition of the workers and collective farmers" (Molotov).

My own view is that this connection is being secured through the restoration of a money economy, and the next step is to see how the interests of the State and individual are being reconciled.

The first stage was that of increased supplies in second Five-year Plan, it was no longer necessary to press on at the same pace with the development of the key industries, and more attention was devoted to light industries such as textiles, food canning, perfumery, confectionery, etc. Simultaneously it was found that exports could be considerably reduced, since machinery could now be largely made in the country instead of having to be imported. With a favourable balance of trade since 1933, the U.S.S.R. now mainly exports manufactured articles and retains its food products. (*Supra*, pp. 81, 83-84).

The industrial progress made it possible to equip agriculture with machinery and to supply the collective farmers, *Kolhozi*, with manufactured articles. At the same time, instead of insisting upon the complete surrender of the peasant to the commune, the collective village has been developed on the lines of the *artel*, a system which leaves to each peasant a small garden, a cow, and two calves, two sows and their pigs, a few goats or sheep and any amount of fowls, rabbits, and bees. The peasant is, furthermore, entirely free to sell in the open market not only his own products but also his share in the collective products after the State and the tractor station have been allotted their shares and the necessary reserves have been made. Thus after the excesses of 1930-1932, qualified collectivisation of agriculture has been pursued peacefully and by 1935 had penetrated to 90 per cent. of the households and embraced 94 per cent. of agricultural production. Under this milder form, collective farming has achieved a striking measure of success, as is shown by record

crops for the last years, and by the fairly rapid reconstruction of the herds of livestock (*Supra*, pp 40-41)

Available supplies of manufactured articles and food products were thus considerably increased, and while two years ago there were practically no shop windows in the big towns a recent journey over 3,000 miles in Russia has revealed the fact that in all big towns there are shops all along the main streets, similar to those in the suburbs of London. A visitor also notices great numbers of people going into these shops to purchase goods without having to queue up.

The economic revolution achieved in the Soviet Union is without parallel. In fifteen years,—for it is fair to reckon only from the end of the civil war,—one of the poorest and most backward nations has achieved simultaneously an industrial equipment and a complete transformation of its agricultural methods. Through many changes of policy, the Bolsheviks have gradually extended social ownership to all the means of production, transport and trade. It is important to realise that their gradual return to capitalist methods has not so far meant a return to capitalist principles of individual profit.

Their system is socialist. Although individual property can be acquired in the form of savings, state bonds, a house, a car, or a few animals, and although such property can even be inherited up to an amount of 50,000 roubles, there can be no individual ownership of the means of production. As the system develops we may see issues of industrial debentures, but it seems reasonably certain that shares will not reappear.

Furthermore, it is not possible in the U.S.S.R. to live on unearned income, for such income can only be small and is heavily taxed.

As it is, the system works, and this in a country of 170 million inhabitants which for size, diversity and natural wealth can be compared only with the United States. The Soviet Union is thus becoming a leading factor in the world and it would be a profound mistake to ignore it.

1938 Asia as Industrial Power "The East is manufacturing at prices attuned to agricultural incomes and in so doing appears as a menace to the great manufacturing countries of the West. The outstanding social and economic problem of the Orient, seen in its world setting, is how this difficulty can be solved." This is one of the pronouncements made by Harold Butler, Director of the International Labour Office (Geneva), in the course of his *Problems of Industry in the East*. This publication records the personal impressions of social and economic conditions gathered during his tour of India, Ceylon, Malaya, the Netherlands Indies and Indo China in the cold weather of 1937-38.

Asia, which used to be regarded primarily as a purveyor of raw materials, the report points out, has assumed a new economic significance because of its growing industrialisation. By dint of intelligent organisation, great application to the problems of scientific management and marketing and the careful training of a well-educated people in various skilled occupations, Japan has become an industrial State of the first magnitude. Though the pace of industrialisation has been less rapid in India, the country with its tea plantations (860,000 workers), cotton mills (436,000), jute mills (279,000), collieries (173,000), railway workshops (125,000), and engineering workshops (103,000) and its large numbers of small factories and workshops employing many millions, it is pointed out, is fast developing industrially.

The report points out that the conditions prevailing in India in large-scale industry do not compare unfavourably with those in many European countries and that, except in respect of wages, employment conditions are in reasonable correspondence with the stage of industrial development reached by the country. Conditions in small factories and unregulated workshops, it is however held, leave much to be desired in respect of health, sanitation, lighting, ventilation, safety, etc. The report makes a forceful plea for further reduction of hours in large and small scale factories and points out that a shorter period of more intensive work is more profitable from both the employers' and workers' point of view.

While conceding that but for the reformist legislation of recent years the situation would have been more acute, Butler emphasises that a peaceful atmosphere in factories cannot be ensured solely through the agency of law, and puts in a strong plea for development of trade unionism.

Directing attention to the fact that the labour co-efficient in the Tata Steel Works, for example, is 75 per cent. of European or American efficiency, Butler challenges the accusation of inherent industrial inefficiency often made about the Indian workers, and asserts that efficiency is largely determined by a combination of the factors of poverty, ill-health and illiteracy.

While in Europe it is generally held that a square mile of land cannot sustain more than 250 persons, in India large agricultural districts contain over 600 persons per square mile. According to Butler, such pressure of population lowers agricultural wages and this in its turn tends to depress industrial wages.

The total value of international trade carried on by the 1000 million inhabitants of the East is not appreciably greater than

that of Great Britain with less than 50 millions. Butler asserts, therefore, that for the adequate social and economic development of Asia it is essential that the countries of Asia should be further industrialised and that the countries of the West should reconcile themselves to assigning to Asia a greater share of international trade.

1938. Giuseppe Bottai: *Elementi di Ordinamento Corporativo* (Elements of Corporative Order). The foundation of economic life in *lo stato mussoliniano* is to be found in the syndicates.³² In Anglo-American ideology the syndicates of Fascist Italy are nothing but (1) trade unions and (2) employers' associations. It should be observed at once that the syndicates of French or international syndicalism are identical with trade unions as known in the English-speaking world. In pre-Fascist Italy also the syndicalists were but trade-unionists like their French, British and other comrades. Attention is to be specially drawn to the fact that Mussolini's totalitarianism has sought to describe the employers' associations by the same term which is used for the associations of workingmen. There should be no ground for suspecting that Fascism is anti-labour or non-labour. Perhaps it is pro-labour with vengeance.

The syndicates of totalitarian Italy in the five big branches of economic life may be enumerated in the following manner:

- A. In Agriculture: (a) workingmen; four categories, (b) employers: four categories.
- B. In Industry: (a) workingmen: twenty categories, (b) employers: forty-five categories.

³² G. Bortolotto: *Diritto Corporativo* (Milan, 1934), pp. 65-68, 106-121.

- C. In Trade and Commerce: (a) workingmen: five categories, (b) employers: thirty-seven categories.
- D. In Banking and Insurance: (a) workingmen: four categories, (b) employers: twelve categories.
- E. In the Arts and Professions: twenty-two categories.

The fifth branch does not contemplate any workingmen. In each of the other four branches the syndicates of the workingmen function independently of those of the employers.

It is with the object of establishing connecting links or *liaisons* between the workingmen and the employers that the corporations have been devised. The corporations are twenty-two in number as follows:³³

- A. In Agriculture, Industry and Commerce, eight, e.g., corporation of cereals, corporation of sugar, corporation of textiles, etc.
- B. In Industry and Commerce: eight, e.g., corporation of metal and engineering, corporation of clothing trades, etc.
- C. In Public Services; six, e.g., corporation of the arts and professions, corporation of inland transport, corporation of credit and insurance, etc.

In order to understand how solidarity and harmony between the classes are brought about in and through these corporations it is worth while to examine the constitution of, say, the corporation of chemical trades.

The Council of the corporation of chemical trades consists of a president and 68 members, as follows:—

- 3 representatives of the National Fascist Party;

33 G. Bortolotto: *Diritto Corporativo* (Milan, 1934), pp. 161-165.

3 employers and 3 workers representing inorganic acids
alkalis chlorine heavy gases and other inorganic chemical
products

3 employers and 3 workers representing fertilizers and
other chemical products used in farming

3 employers and 3 workers representing explosives

1 employer and 1 worker representing phosphorus and
matches

1 employer and 1 worker representing plastics

2 employers and 2 workers representing synthetic dyes
medicines and photographic requisites

2 employers and 2 workers representing pigments paints
inks shoe and leather polishes and creams

2 employers and 2 workers representing soap candles and
glycerine

1 employer and 1 worker representing tanning products

1 employer and 1 worker representing tanning industries

2 employers and 2 workers representing essential oils per
fumes synthetic oils

2 employers and 2 workers representing mineral oils

1 employer and 1 worker representing distillation of coal
and tar and bituminous substances

2 employers and 2 workers representing pharmaceutical
products

1 representative of chemists

1 representative of pharmacists

1 representative of agricultural cooperative societies

The total number of employers includes two representatives
of persons managing industrial and commercial concerns

The corporations can therefore function as central *liaison*

organs. By the Act of February 1934 they are empowered to fix tariffs for labour and professional services and prices for the sale of goods to the public at special terms. In other words both prices and wages are settled by workingmen and employers after discussion at a round table so to say in which the state and the National Fascist Party also have a voice.

1938 Gabriel Ferris *Le Progres Technique et le chômage* (Technical Progress and Unemployment) Paris. Unemployment in Germany and the U.S.A. may be described as due to technological progress. But there has been unemployment in England although here technical progress has been slow. Again even with technical progress there has been not much of unemployment in France. Technical progress need not therefore be condemned. What is needed is greater equalization of income among the various classes of the community and greater freedom of trade.

The following International Labour Office (Geneva) publications may be mentioned here: (1) *The Social Aspects of Rationalization* (1931) (2) W. Woytinsky's *Three Sources of Unemployment* (1935) and (3) Emil Lederer's *Technical Progress and Unemployment* (1938).

1938 The Federal Bank of China (*Osaka Mainichi*, Osaka).

The Federal Bank of China which was established for the vital mission of stabilizing finance and unifying the currency as the Central Bank of the provisional government of China opened for business on March 10 1938 having completed legal procedures and other necessary preparations. Simultaneously the provisional regime in North China has issued a statement regarding the commencement of the banking facilities and also promulgated laws governing the liquidation of old currencies and

placing restrictions on any action which might disturb the economic condition

In the statement, the provisional government has articulated its intention of constructing the foundation for the stabilization of the livelihood of the masses and for the economic rehabilitation and development of China by dissolving the extremely complicated currency situation through the supply of sound money by the Federal Reserve Bank. As the practical method for the realization of its aims, the provisional government has linked the currency of North China with the Japanese yen at par. It has expressed profound gratitude at the establishment of the 100-million credit between the Chinese Federal Bank and the Japanese banking syndicate since the foundation of the Federal Bank has greatly been vitalized by the new arrangement.

The par exchange of the new Chinese currency indicates that a big financial bloc embracing Manchoukuo, China, and Japan has been formed. Thereby the economic collaboration among the three nations has further been augmented. Moreover, as the result of the opening of the Federal Bank's business, its new note has become the only legal tender in North China. Through the arrangement for conversion of the old notes with a certain time limit by the new note, the currencies are to be consolidated. A period ranging from three months at the shortest to one year at the longest has been set for the old bank notes to be withdrawn. The law prohibits circulation of these old notes after that prescribed time for conversion.

Thanks to the commencement of the business by the Federal Bank, the monetary system in North China has been unified. It has drawn a clear demarcation line, so to speak, between the currency system in North China and Central and South China.

It will no doubt deal a fatal blow to the monetary system of the *Kuomintang* government.

Whereas one year's grace is granted for circulation of the notes issued by the Bank of China and the Communications Bank (with the names of Tientsin, Tsingtao, and Shantung specifically printed on the notes), as well as those issued by the Provincial Bank of Hopei and the East Hopei Bank, only three months of grace is granted to the notes issued by southern banks, including the Central Bank, the Bank of China, and the Communications Bank. As a result these southern banks have ceased to function in North China.

The conversion at par of the notes issued by Banks of the *Kuomintang* is limited to a brief period in consideration of the possibility that the market value of these southern notes may depreciate due to disturbance of their credit. Room is preserved for a change of measures to deal with any new situation that may arise.

Furthermore, the provisional government has promulgated a temporary legislation to severely punish those who might attempt to disturb the financial stabilization by such means as purchasing or selling paper notes and foreign exchange bills or by circulating groundless rumours. This step has been taken in anticipation of the appearance of those who might attempt to disturb North China finances, in response to machination of the *Kuomintang*, when the new North China regime is about to take positive financial measures.

This Japanese account enables the world to visualize how North China is being administered financially and politically under the Japanese regime.

1938. November-December. Daladier, Premier of France,

modifies the social laws of the Popular Front (Blum Ministry, 1936) with special reference to the 40-hour week and the strikes, increases the taxes by almost fifty per cent. and extends income tax down to lower income levels untouched before.³⁴ These laws are challenged by the Left under the leadership of the communists. The general strike organized by them on November 30 fails, however. The power of the *Confédération Générale du Travail* is broken and its leaders sentenced to heavy fines and imprisonments. This is a new phase of the *rapprochement* of socio-economic France with Nazi Germany and Fascist Italy, implying thereby a policy of "away from Soviet Russia."

1938, December. The Provinces as Units for Economic Planning in India.³⁵

In 1938 the establishment of the Congress-Ray in seven provinces (since July 1937) enables the Indian National Congress to commence examining the prospects of "economic planning" in an earnest and practical manner. At this stage it is perhaps worth while to observe, first, that for the purposes of this planning the territorial unit should not be India but Bengal and the other provinces. Secondly, economic transformations in India at the present moment hardly amount to the first industrial revolution of over two generations ago in Western Europe. In the third place, the Indian people today is socio-economically incapable of a rationalized planning of the Sovietic or of the German-Italian-

34 For *le Front Populaire* see *Pol Phil* (1942) Vol II, Part I, pp 59-72. Cf Rist and Prou *De la France d'Avant Guerre à la France d'aujourd'hui* (Paris 1939).

35 B. K. Sarkar discussing the industrialization of Bengal at the tenth anniversary of the *Bangiya Dhan-Vishan Parishat* (Bengali Institute of Economics) held at Chandernagore, 4 December 1938.

Japanese type. Fourthly the only practicable policy for India is therefore that of attempting province by province all sorts of economic enterprise (agricultural and commercial as well as industrial) large medium or small according to the finances it disposal and avoiding wastes and duplications in every possible manner. Finally while each province is to be regarded as an economic unit agreements and understandings with the other provinces are to be promoted in the interest of economy efficiency and co-ordination.

In order that Indian statesmen may envisage the tremendous control exercised by the state over the national economy in all schemes of economic planning strictly so called attention may be drawn to the measures adopted even by an alleged Fascist state e.g. Japan. Towards the end of December 1938 it is announced that virtually the full provisions of the National Mobilisation Act will be brought into force early in the new year. Six more Imperial Ordinances for this purpose have been approved by the National Mobilisation Council.

The ordinances provide for control of wages and working hours restriction of dividends of business corporations requisition of commodities factories repair shops lands buildings and other establishments.

A three year plan for the expansion of productive capacity of industry will be enforced. The Act which places practically the entire resources and activities of Japan under Government control was strongly resisted by the Diet when introduced in 1937. It was passed on a promise from the Government that it would only be used sparingly and under grave necessity since when portions have been enforced at intervals.

The legislation in Germany also under the *Vierjahresplan*

(Four Year Plan) 1937 directed by Goring is identical. And this implies also millions of Rupees placed at the disposal of the Government out of the regular (although extraordinary) national budget.

The fundamental technique of planned economy is the same for all countries communistic or capitalistic. As long as the Indian people is not in a position to handle this technique effectively the category that adequately describes the Indian measures for improving the economic conditions is not economic planning but economic development³⁶ (*Supra* pp 60-68).

1938 The industrialization of Iran is discussed in the *International Labour Review* (Geneva).

The Central Bank of Iran has recently carried out an enquiry into the new industries that have developed in that country. The first results of this enquiry have just been published. They refer to the sugar and cotton industries. Except for carpet making which is a handicraft and the oil industry which is of much longer standing and which therefore did not come within the scope of the enquiry sugar and cotton are the two most important industries in Iran.

Cotton is at present the leading manufacturing industry in Iran. The number of spinning and weaving mills rose from 3 in 1933-4 to 16 in 1936-7. The equipment required to operate 5 more spinning mills was ordered at the end of 1937 so that by

³⁶ B. K. Sarkar. Economic Aspects of the German Four Year Plan (lecture at the Bengali Society of German Culture on July 31 1937) and Economic Autarchy in Italy (lecture at Bengali Dante Society on April 12 1938). See the *Calcutta Review* for February 1938.

the end of 1938 at latest there will be 21 spinning and weaving mills in operation in Iran.

This progress was achieved with the help of the Government, which by levying import duties on cotton yarn and piecegoods, while at the same time facilitating imports of equipment, deliberately promoted the development of the new industry. Under an Act of 1924 imports of industrial and agricultural machinery were exempted from duty for 10 years, and this period was subsequently extended. Another Act, of 25 February 1931, instituted a monopoly of foreign trade. Further enactments, especially that of 4 October 1931 relating to foreign exchange control, encouraged the growth of the cotton industry, and the Government's credit policy also favoured the industry. Indeed the eagerness of capitalists to open new mills or to enlarge existing undertaking in this industry was such that the Government was forced to consider the expediency of supervisory measures to prevent excessive investment and to direct capital to other uses. The problem was solved by the issue, on 10 August 1936, of "Regulations for factories and industrial establishments", section 1 of which provides that "any company or person wishing to open a factory or industrial establishment shall first apply for a permit to the Department of Industry and Mines."

1938, December 5. At the *Société d'Economie Politique* of Paris Max Lambert discusses the American economy and the evolution of the Roosevelt experience. In his judgment Roosevelt's New Deal has conferred immortality on the American economy, and the entire world should be grateful to the American President. He quotes *America's Sixty Families* by Ferdinand Lundberg in order to demonstrate the immense social gulf that exists between the very small number of milliardaires controlling

the majority of wealth in the country and the millions of Americans having no or hardly any wealth. Roosevelt's credit consists, says he, in hanging about cordial contacts between these two classes. The class struggle is said to have been prevented by Roosevelt's principle of high wages and social legislation. Roosevelt has been following, we are told, the principle of Mirabeau to the effect that generous concessions made at the proper time may save the governing classes from revolution. He is thus to be appraised as the last defender of capitalism, says Lambert.

In the discussions that follow Paul Ryzous observes that the prosperity of a country cannot be judged from the statistics of a number of large firms. The fact remains that nearly 11 millions are still unemployed. The little that has been accomplished is due to Government expenditure. The American experience cannot be cited in justification of planned economy.

According to Rioul Hicault monetary manipulation, Government subsidy and state intervention in industry are the three chief items in the New Deal. The system has failed. For instance the result of the cotton restriction measures has ultimately led to an increase in the output.

Gael Fain believes that the American recovery, in so far as it is a fact, is not due to planned economy, strictly so called (state intervention in industries). The windfall (consisting in colossal quantities of gold imports) has enabled vigorous activity in the markets. Then the reduction of taxes on the reserves of companies as well as other monies of business houses has encouraged private initiative in industry and commerce.

Andre Risler maintains that America has never experienced in 160 years the French history of permanent defence against eventual wars for national independence. The French mentality

in regard to planning is therefore bound to be different from the American.

Baron Mourre points out that the recovery commenced in June 1935 after the New Deal had been declared illegal by the Supreme Court. Until then the New Deal accomplished nothing. Even during the recovery of 1935 unemployment did not go down but remained almost constant at nearly 11 millions. The mischief done by Roosevelt to the American and world economies is profound and permanent, says he.

In Emile Mireaux's analysis the recovery that is to be noticed cannot be described as anything American or due to the New Deal. The economic recovery is a world phenomenon today. The movement commenced in 1935-36. Europe cannot therefore find in the New Deal any inspiration, still less any example to follow.

1938, December. T. Satyanarayana Rao (Waltair): *Trade Agreements* (a paper for the Indian Economic Conference, Nagpur).³⁷

The Indo-Japanese trade agreement has been generally appreciated in our country as a successful instance of a trade treaty. Japan, as the principal consumer of our most important staple product, raw cotton, is held to be entitled to special treatment. But even with regard to this pact, apprehensions have not been wanting. A treaty depending on our taking textile goods in return for raw cotton cannot but be, ultimately, a source of weakness in view of the rapidly expanding nature of our textile industry. The increasing competition which our small industries experience from Japanese goods and the rapid increase

37 See B. K. Sarkar: *Indian Currency and Reserve Bank Problems* (Calcutta, 1933) and *Imperial Preference vis-à-vis World-Economy* (Calcutta, 1934).

of Japanese imports into India largely curtailing our favourable trade balance with that country are also sources of apprehension. Forty-three groups of minor industries in our country have submitted memoranda to the Government complaining of Japanese competition. But these cannot be formidable objections to the trade treaty because we cannot hold that our revenue tariff should be kept high enough to protect every industry in the country. If protection is needed, it should be given on a scientific basis, and not through the revenue tariff. These considerations show that our experience of trade pacts has not altogether been unsatisfactory.

That there has not been much scope for advantageous trade treaties with "distress" countries like Italy and Germany is clear, because these countries, in most cases, are intent on reducing imports and expanding exports. If this restriction is not merely temporary features of "distress" but a logical counterpart of an autarchic economic policy bound to continue for a long time, the problem of our trade relations with even these countries cannot be completely ignored. Our trade relations with a country like Germany which occupied the third place as a supplier to us and the fourth place as a purchaser from us in 1935-36 cannot be left unsafeguarded while that country goes on rapidly pursuing a policy of finding raw materials elsewhere. The increasing economic and political importance of that country in Europe has got to be reckoned with and a trade agreement even on a "barter" basis has eventually to be arrived at. As it is, we do not have much of a favourable balance with that country to lose by trade negotiations. As Mr Robertson says, "We must be thankful for small mercies. Bilateral agreements are better than nothing to start with, so perhaps even are the despised exchange clear-

ings with which the continent of Europe is honeycombed." Hence it may become necessary for us in the future to think of trade agreements with even "distress" countries.

Trade agreements with other countries including the U.K. and Japan, we may hope, will provide the basis for stabilizing our trade with them and for an expansion if possible. Even for preserving our balance of trade, such a policy will be useful because as regards non-distress countries the basis of agreements is not a balancing of accounts in each case but the extension of mutual concessions and expansion of trade without endangering the balance of payments as a whole. The argument that these measures are unnecessary because there are general signs of recovery is not reassuring because no one can say that we are definitely in a phase of improving business conditions. The experience of recession in the latter part of 1937, and a further deterioration in the first half of 1938-39 showing a fall of nearly 18.96 crores in our export and 14.6 crores in our imports make it difficult for us to proceed in confident expectation of recovery. Trade treaties which at least stabilize our trade with countries like the U.K. and U.S.A. may be useful connections with countries which are likely to follow a forward economic policy for a recovery.

1938, December. The Theory of Interest in Indian Economic Thought. At the Indian Economic Conference held at Nagpur, I. M. Kapoor (Lahore) examines Keynes's theory of interest and observes as follows: "But is there any special case made out for our treating the nature of interest as something different from that of the price of anything else? Mr. Keynes thinks there is, because people very largely save and hold money irrespective of rises or falls of the rate of interest—the size of

their cash holdings being determined by custom, tradition, experience, etc. This amounts to saying that the supply side of money is not related to interest in the same way as the supply of anything else to its price and that if the rate of interest has to be brought down for the sake of pushing investment, the supply must be increased by the monetary authority—the Central Bank.

But a little reflection will show that this is not at all a peculiarity of money. In almost every case the supply of commodity "in existence" is larger than that "on offer". There are other examples of this fallacy in economics. Some people think that the case of "land" is peculiar in so far as its supply is fixed and cannot expand or contract by a rise or fall of price. It is, therefore, influenced only by the increase or decrease in demand. Others think that the "value" of money (its purchasing power in terms of goods and services in general) is determined only by supply as the demand for it is "constant" or the elasticity of this demand is unity (this is the so-called quantity theory of money). Still others may think that the case of labour is peculiar as the supply of labour is not influenced by the rate of wages in the sense that people do not begin to multiply and increase because of a rise of wages, and they do not begin to practise infanticide because of a fall. There may be some factors acting and reacting in this or that case, modifying the effect of either supply or demand on value. But none of these amounts to a peculiar case for treating the value of either land or labour or money as something different from the value of everything in general. The rate of interest is no more "a psychological or a conventional phenomenon" than that of any of the shares of other sections of a community. Convention, tradition, custom and psychology, all

play an equally important part in the determination of the price of everything including that of money (i.e., the rate of interest).

To the same subject Bhabatosh Datta (Calcutta) contributes a paper on "Interest and the Complex of Preferences." As an explanation of the basic nature of interest, says he, the liquidity preference concept is unique. The way in which Keynes has developed his thesis leaves the impression that a cogent theory of interest has been formulated and that interest defined as a resultant of the demand to hold money and the supply of money is the last word in this branch of the science.

And, yet, as one reads the *General Theory* carefully, doubts ✓ begin to appear. One can understand and appreciate Keynes's subtle logic in his definition of the marginal efficiency of capital as the present discounted value of the series of future returns expected from the marginal application of capital. But his contention that the discounting at the current rate of interest would turn the marginal productivity theory into a circular reasoning does not appear to be convincing. We can point out that there is a world of difference between "arguing in a circle" and emphasizing a mutual interdependence. Instead of saying like Keynes that the marginal efficiency of capital is a function of the interest rate, it is better perhaps to stick to the proposition that interest and the marginal efficiency of capital are both functions of the same set of factors. One has also to note that when liquidity-preference is unaltered and the monetary system is stable, a new invention or something else may increase the physical productivity of capital and this may affect the demand for funds without affecting liquidity-preference. This independent increase in the physical productivity of capital will undoubtedly have its effect on the rate of interest. Keynes has

been perhaps a bit too unceremonious in rejecting altogether the direct effects of the marginal efficiency of capital upon interest.

If different assets have different degrees of liquidity according to their periods of maturation, their riskiness or otherwise and their chances of depreciation, it no longer remains possible to formulate a *general* theory of the rate of interest in terms of a general liquidity-preference. For, *the* rate of interest, if it means anything at all, is not certainly the average of the rates ruling in the market, nor is the general liquidity-preference an average of the preferences for liquidity with reference to the different grades of illiquid assets. The time-factor, again, creates another uncertainty, for liquidity preference *vis-à-vis* a six-month loan will not surely be related to liquidity-preference *vis-à-vis* a twelve-month loan in an exactly arithmetical proportion. The latter will have to allow for a higher preference margin on account of greater possibility of fluctuations in the short-rate. It may therefore be necessary to find out *co-efficients of liquidity-preference* with reference to different types of assets.

It is one thing to explain the nature of a phenomenon, and it is quite another thing to show how it comes into actual being. Our preference for liquidity of balances tells us about the basic nature of interest and the psychology underlying it, but it tells us very little about the determination of interest rate in a real market for loanable funds, and still less about the complex of rates under dynamic conditions.

1939. C. M. Wright: *Economic Adaptation to a Changing World Market* (Copenhagen).

The changes in demand and supply are well-known categories in economic theory. Their impacts on economic structure are no less important in business practice than in scientific con-

siderations Economic dynamics is indeed the great reality known to the man in the street And today *homo economicus* is fully conscious in daily transactions that economic activities dynamic or fluctuating as they happen to be are fundamentally hemispheroidal in dimensions nature and origin Naturally therefore the orientations to the world economy—attitudes to the agricultural industrial and financial developments in the world from China to Peru—have grown into the most commonplace pre-occupations of the merchant the banker the farmer and of course of the statesman and the planner

It is with these adjustments or readjustments of the industrialist the financier the businessman and the economic statesman to the morphological transformations of the world economy—the international re-localizations—that Carl Mjor Wright of Denmark addresses himself in this work A most fundamental consideration with the author is then the transfer of capital and labour from the old to the new enterprises The problem evidently is not merely one of private economy as known in continental science From the standpoint of national economy as well nothing is more important than this question of the deflection of resources from one channel to another

The influence of changing incomes on a group's consumption of certain commodities has been examined at length and the income elasticity coefficients exhibited on the strength of recent studies in consumption and standard of living carried on in several countries The universality of Engel's law is proven to be open to question The problem of the hours of leisure is affected by income elasticity deserves to be gone into with equal care

An instance of economic transformation is furnished by the appearance of new products which are not directly competing

with already existing products but largely satisfying so far little developed wants. Among consumers' goods Wright mentions electrical, household and medical apparatus, refrigerators, gramophones, cosmetics and artificial silk goods as yielding between 1680 and 340 as the percentage of 1928 in relation to 1913. Some of the producers' goods belonging to the same category are wireless sets, printing paper, accumulators, batteries, motor cars and telephone accessories with 6200-370 as the corresponding percentages. Such realistic studies, if carried on with the data of Asian countries, would not fail to indicate the socio-economic structural changes going on in this part of the world as well.

The question as to whether capital supply is influenced by the interest level and how has engaged Wright's attention and he is convinced that it is incorrect to look upon interest exclusively or chiefly as an income. One of the great realities of practical life cannot be ignored in this connection. Corporations, central and local governments and social insurance institutions are some of the principal agencies of capital-building. The interest that they have to pay out is more often an expenditure than an income.

For countries like India economic statesmen may accept Wright's proposition that although the industrialization process is more rapid in the new than in the old countries, their trend of industrial development runs parallel with the earliest development in the old countries. This indeed is the conclusion of the "equations" to which the present author has been led in the two volumes of *Economic Development* (1926, 1938). In this connection the concluding chapter which is given over to the "Adaptation Problem in Bulgaria" should be eminently suggestive. Wright is convinced that even a poor country like Bulgaria is

generally itself able to provide the additional means necessary for adaptation to new conditions. India's experience would confirm Wright's thesis that industry offers possibilities for new adaptation as soon as the heavy burden to which it is subject becomes somewhat alleviated or some outside event gives it an unexpected stimulus.

Business cycles constitute the most conspicuous features of economic transformations. In his chapter on "Business Cycle Policy" Wright quotes the Dutch economist, Tinbergen, who has made an investigation of the effects of different kinds of state interference, first, on the national business cycle, and secondly, on the balance of payments.

Wright's work combines statistical and factual material about international capital movements, migrations, prices, employment etc. with analysis as well as generalizations. The data used are mostly continental. He has utilized the sources quite liberally and quotes or summarizes them with adequate details. The study possesses altogether the merit of being a practical hand-aid to economic planning as well as a contribution to the theory of economic dynamics.

1939. Zoltan Magyary *The Industrial State* (New York) Economic transactions have ceased in numerous instances to be private affairs and are being undertaken by the Governments. The public services have therefore grown enormously in the technical branches. In regard to the industrial departments of government service the influence lies not so much in the legislature as in the executive, the administration, or virtually the staff of experts. Under these conditions the premier's powers and privileges ought to be extended along the lines of totalitarian efficiency, i.e., autocratic planning and control.

1939. H. Withers: *The Defeat of Poverty* (London). The conversion of consumers' needs into effective demands would be conducive to general business prosperity, says he. This conversion can only be secured through an increase in production and distribution. According to Withers the so-called trade cycle has no regularity in time or extent that justifies its being thus misnamed. Belief in it, spread by forecasters and working through stock market fluctuations, has a seriously depressing effect on business confidence. Confidence in the prospect of future profit is the only effective stimulus to trade expansion in countries working under private enterprise. Increased purchasing power in the hands of consumers is the best foundation for this confidence in the profit prospect.

The launching of public work is recommended by Withers as a potent means of placing the purchasing power in the hands of consumers. This method of defeating depression was advocated by Sidney Webb as a cure for unemployment long before the war. It used to be condemned in those days as militating against *laissez-faire*. "Of late, however, public works, like so many other measures once suspected as 'socialistic' have received a good deal of pontifical blessing from some of our leading economists" (e.g. Keynes in the *General Theory of Employment*).

1939. Balkrishna Madan: *Indian and Imperial Preference* (Bombay). The scrapping of reciprocal preferences between the United Kingdom and India, says he, will not automatically restore the *status quo* existing before the signing of the Ottawa Agreement (1932). And he is reasonable enough to believe that India could not probably claim the benefit of preferences which the other Empire countries had secured only by the grant of reciprocal preferences, without making a more or less equi-

valent return. Madan's position in tariff policy is definitely at variance with that of the general run of Indian economists and may in certain features be linked up with my *Imperial Preference vis-à-vis World Economy* (Calcutta 1934).

1939. H. D. Dickinson: *The Economics of Socialism* (London). According to the author socialism of the communistic type may be acculturated to or assimilated with the bourgeois economy. Non-competitive economy of a general character can go on well with the competitive system of pricing. It is to be understood that a state can thus become socialistic without accepting the totalitarian, communistic control as embodied in Soviet Russia. Dickinson is pleading for something like a capitalistic communism. This kind of halfway house or compromise is to be regarded as the highest or the most advanced flight in socio-political thought among liberal-minded economic scientists.³⁸

1939. Khagendra Nath Sen: *The Economic Reconstruction of India* (Calcutta). The economic planning formulated by Sen prescribes, among other things, "electricity for the millions". For rural welfare he has raised the slogan of a loan fund at the rate of Rs. 10,000 per village for 700,000 villages. He does not object to tapping the foreign capital market for a part of this loan. A state-controlled Industrial Credit Corporation belongs to his scheme in the interest of key industries. His labour-programme is not anti-capitalistic.

Although a planner he is neither radical enough to swear by Soviet Russia in season and out of season, nor ambitious

³⁸ See B. K. Sarkar: *Villages and Towns as Social Patterns* (Calcutta, 1941), ch. on "The Sovietic Regime in Creative Disequilibrium", pp. 579-628.

enough to catch up overnight with the German or British capitalistic and social achievements. Sen has an understanding of the primitive stage of developments prevalent in India's industrial organization and labour power such as one may gather, for instance, from Rajani Kanta Das's *History of Indian Labour Legislation* (Calcutta 1941) or are presented in international perspective, in my *Social Insurance Legislation and Statistics* (Calcutta 1936) or *Economic Development* (Madras and Calcutta, 2 Vols, 1926, 1932, 1938).

1939 Ernesto d'Albergo *La Politica finanziaria dei grandi Stati dal dopoguerra ad oggi* (Milan). In this Italian work on the "Financial Policy of the Great Powers from the End of the War to the Present Time," d'Albergo examines the influence of the political and economic ideologies of the two decades (1919-39) on the public finance of Italy, Germany, the U.S., England and France. The first important phase is that of the adaptation of peace-economy to the financial consequences of the war. A noteworthy financial fact of the period is a steady rise of Italy to the rank of a great power, even in economic fields, although she is poor in resources. In regard to the world-economic crisis (1929-32) state-intervention is noted as a universal fact, but it is exhibited in its diversities corresponding to the respective socio-political ideologies. The development of the war-potential in every country through state auspices is the third great phenomenon of the period. Public finance has been striving to serve the states in the matter of reaching the historic goal which the vitality of the peoples is bent on realizing.

Altogether, the financial policy of the two decades may be characterized as that of neo-socialism and new democracy, or of its obverse, namely, neo-capitalism and neo-despotocracy.

SECTION 3

The Second Round of the Anglo German War
(September 1939—)

1939 K E Poole *German Financial Policies 1932-39* (Harvard USA) According to this American economist since certain industries are usually placed in an exceptionally prosperous position by public works the possibility of using the proceeds of an excess profits tax as a subsidy for less strategically placed firms should be explored by governments. A part of the German economic recovery plan say during 1932-33 consisted in the issue of tax remission certificates. The public works programme financed by short term renewable bills was another feature of the financial planning. Poole maintains that the tax remission plan operates in such a way that repercussion effects spread out from a myriad of points of origin strengthening each and interacting and above all avoiding a pronounced strain on any or more parts of the economy.

1939-1941 Agricultural Policy in War time England

In September 1939 the British ministry of agriculture proposes to bring 1 250 000 acres of land under the plough in one year. This would be equivalent to four years' achievement during the war of 1914-18.

In January 1940 basic food prices are subsidized at a cost of £1 000 000 per week.

In June 1940 employers are prohibited from taking men engaged in agriculture for any other industry.

In order to prepare against the siege of England food rationing is introduced as follows: tea—2 oz per head per week; fish and meat—hotels and restaurants are forbidden to serve

both in one meal butter and margarine—6 oz per head per week additional cooking fats or lards—2 oz per head per week (July 1940)

By March 1941 even private parks and golf courses are being ploughed up. Altogether 4 000 000 acres of new land have been under cultivation since September 1939.

1939 E. A. Radice *Savings in Great Britain* (London). The causes of variations in savings are analyzed by Radice in this the second volume of *Oxford Studies in Economics* on the realistic foundation of all types of savings effected in Great Britain from 1922 to 1935. The analysis exhibits a high degree of familiarity with the money and capital markets such as the realistic economist might demand. To this is to be added the experience in accounting methods usually lacking in economists. The most signal feature is the mathematical presentation in regard to which the study may be safely described as a pioneer. One need not however go away with the idea that Radice has catered exclusively for the statistician and the mathematician who alone are competent to appreciate the worth of his laborious computations. His work has much to say to the ordinary economic theorists as well. And undoubtedly it has a social message too.

The statistics for working class savings from 1922 to 1934 are derived from the figures for the funds of (1) industrial insurance (2) industrial and provident societies and (3) friendly societies and trade unions. Middle and upper class savings are analyzed on the strength of life insurance data.

In certain funds one of the problems consists in ascertaining what proportion belongs to the working classes. One estimate about the wage earners' shares in various types of savings is as follows:

- 1 $\frac{1}{3}$ rd Post office and Trustee Savings Bank deposits
- 2 $\frac{1}{3}$ rd Post Office and Trustee Savings Bank government stock held for depositors
- 3 $\frac{1}{3}$ rd Building societies share capital and deposits
- 4 $\frac{1}{3}$ rd Building societies borrowers interest in houses mortgaged
- 5 $\frac{1}{4}$ th National Savings Certificates

To the category of institutional savings analyzed in this work belong increases in (1) Post Office and Trustee Savings Banks deposits (2) National Savings Certificates (3) Life Insurance (4) Building societies shares and deposits and (5) Mortgage repayments. Purely working class savings are excluded from this category.

That economics is fundamentally a science of classes becomes apparent at every stage of the discussion. Somewhat abstruse theoretical propositions have been established by Radice in the perspective of social classes. Of profound economic importance in the world of finance and business organization is the statement that in a community in which business savings are relatively large the proportion of income saved may be comparatively small. Equally significant from the same standpoint is the thesis that the lower income groups may save proportionally more than the higher income groups.

The higher income groups tend to save a rather smaller proportion of any increase in their incomes than the lower income groups. It is suggested that great part of the savings of the richer classes is made for them by business houses and is therefore not shown as individual income in statistical publication.

During the period 1922-1934 the real incomes of persons

with incomes under £250 increased continuously even during the recent depression, except for a negligible drop in 1932. Real incomes over £250 show greater sensitivity to cyclical conditions, but their rise since 1932 has been very marked.

The life insurance funds of three of the largest life insurance companies rose from £23 millions in 1922 to £35·2 m in 1934. The gradual upward trend is ascribed to the increased use of life insurance as a form of saving particularly by the higher income groups.

The distinction between necessities and semi-luxuries is important. Increased taxation of necessities is likely to depress savings less than increased taxation of semi-luxuries. The demand for semi-luxuries comes generally from the relatively prosperous wage-earners. The poorest classes among them constitute the market for the necessities, and their savings are less elastic to changes in income than those of the other section.

(Radice suggests two methods for the investment of savings. The first is the investment by the government, local authorities or public boards in a rationalized and planned manner. The second method consists in an appropriate redistribution of incomes. In the first place the income of the unemployed and the very poorest wage-earners may be increased. And in the second place, the richer classes may be induced to save less in case they are guaranteed better security in sickness, employment and old age. One can see in these prescriptions a somewhat distant echo of the socialistic public finance of the sovietic brand, much in advance of Pigou's modest transfers of wealth.)

Be this as it may, the methodology of this work ought to be assimilated by economists in general in order to improve their scientific equipment.

1939, December 30 Shib Chandra Dutt "The Economic Messages of Vivekananda"¹

The materialism of Vivekananda is the subject for discussion at a meeting of the *Bangiya Dhana Vijnan Parishat* (Bengali Institute of Economics) S C Dutt says in part as follows "Belonging as Vivekananda did to the nineteenth century he may be regarded as having anticipated some of the recent materialistic, economic and socialistic developments in Indian life and thought In his letters and lectures he used to attach great importance to mechanics, electrical engineering, ship-building, etc The importance of machineries, tools and implements was visualized by him in a distinct manner He wanted Indians to embark on foreign trade and function, if necessary, even as humble hawkers of Indian handicrafts in the important cities of Europe and America By emphasising the cult of *rajasik* qualities, i.e., activism he stressed the need for acquiring manliness and the determination to wipe off poverty and misery from national life In his ideas of material welfare and economic prosperity he was careful to cite Japan as an example for India"

According to Anath Bandhu Datta the intellectuals of today ought to make every effort to save the materialistic messages of Vivekananda for India's national progress Subodh Ghoshal observes that Vivekananda's ideas were ahead of his age In Sudhakanta De's judgment Vivekananda's mentality was very matter of fact and objective but the masses of India comprising even the intelligentsia are still not objective enough to appreciate Vivekananda's materialistic contributions Pankaj Mukherjee

¹ *Amrita Bazar Patrika* (Calcutta 21 January 1940) *India Tomorrow* (Calcutta), January 1940

says that Vivekananda's greatness lay in his revolt against the traditional Indian lethargy and speculative attitude. The economic teachings of Vivekananda have remained unknown in India says Suren Binerjee because Indians do not like to associate the ideas of material welfare with a *Sanyasi* (an ascetic).

The discussions are brought to a close by the Director of Researches (the present author) who observes that researches in Vivekananda are well calculated to bring into relief the materialism and energism of this great founder of the Ramakrishna Empire (*Pol Phil* Vol II Part III p 352)

1940 Jean Lescure *Etude sociale comparee des regimes de liberte et des regimes autoritaires* (Paris). In this comparative social study of the systems of economic freedom and those of planned economy Lescure asks the question of theoretical importance as follows. Are there real economic laws which are valid in all ages and in all systems? According to him scientific observation of the facts leads to the conclusion that the economic laws are perennial and universal.

1940 January C M Wright Housing Legislation in the British Empire (*International Labour Review* Geneva)

Before 1930 very little progress had been made in the United Kingdom in improving the housing conditions of the poorest sections of the working class. The hope that public authorities by increasing the supply of new working class dwelling would contribute indirectly to the improved housing of the slum dwellers by a kind of filtering up process was disappointed.

The Housing Act of 1930 marked a definite turning point in the entire policy. For the first time the public authorities stated the criteria according to which a house would be considered unfit for human habitation. A slum was defined in effect as an

area in which "the dwelling houses ... are by reason of disrepair or sanitary defects unfit for human habitation, or are by reason of their bad arrangement, or the narrowness or bad arrangement of the streets, dangerous or injurious to the health of the inhabitants of the area".

In order to be certain that the improvement in housing conditions accomplished through public initiative (slum clearance) would benefit those living under substandard conditions, the Act of 1930 made it a statutory obligation for the local authorities to find accommodation for people displaced from cleared areas.

A further step was taken in 1935, when for the first time a standard for measuring overcrowding was introduced.²

² The Housing Act of 1935 lays down that a dwelling house shall be deemed to be overcrowded when the number of persons sleeping in the house either:

- (1) is such that any two persons over 10 years of age of opposite sex, not being persons living together as husband and wife, must sleep in the same room; or
- (2) is, in relation to the number and floor area of the rooms of which the house consists, in excess of the permitted number of persons as defined below:

Where a house consists of:

1 room	
2 rooms	2
3 rooms	3
4 rooms	5
5 rooms or more	7½.

Where the floor area of a room is: each room in excess of 5.

110 sq. ft. or more	2
Between 90 and 110 sq. ft.	1½.
Between 70 and 90 sq. ft.	1.
Between 50 and 70 sq. ft.	½.
Under 50 sq. ft.	Nil.

The most effective measures employed to combat over-crowding were the re-allocation of tenancies on the local authorities' own estates and the provision of new dwellings for over-crowded families. In order to prevent future over-crowding, the Minister of Health fixed for each local authority in the country a dare as from which it became an offence to occasion new over-crowding.

Government encouragement of differential rents adapted to the individual tenant's ability to pay is a link in the policy based on the principle that no one must be obliged to live in substandard housing conditions. Since a nation cannot expect to have a morally and physically healthy population unless it is housed in accordance with the establishment of minimum standards, the families who can afford to live in dwellings over the standard must pay enough to allow poor families to live in standard dwellings.

A similar development, providing the low-income class with standard dwellings, has taken place in all the British Dominions.

In Canada, for instance, where the Minister of Finance is empowered under the National Housing Act of 1938 to grant loans to local housing authorities for the purpose of facilitating the construction of dwellings to be let to families of low incomes, the loans may be granted only for the purpose of low-rental housing projects intended to remedy shortage, over-crowding, or the substandard character of existing housing accommodation. Only families with a total income not exceeding five times the "economic rental" are entitled to rent a dwelling in which the loans are invested. If the family budgets are not sufficiently large to bear even this low rent, the local government may undertake to grant periodical contributions to allow reductions in the rents charged.

The upward trend of housing standards was probably most pronounced in New-Zealand. The Labour Government which came into office in 1935 wanted the term, "worker's home", to cover the highest-grade home that had yet been achieved for the majority of any community. They wanted the worker's house to mean a home that set a new high standard and not merely a house that bore some relation to an average standard. In 1936 a housing survey covering 163,000 dwellings made by a number of local bodies, showed that 55,000 of those dwellings were such as to be considered substandard. In a very large percentage of these houses, shocking conditions prevailed. In a statement made in 1939 before the New-Zealand Parliament Mr. Armstrong, the Minister in charge of housing, declared that since the Government started housing operations and established the Department of Housing it had let contracts for well over 8,000 standard houses for rental, and in addition there were many houses being built for private ownership as a result of the more liberal lending policy of the State Advances Corporation.

1940. P. J. Thomas: *The Growth of Federal Finance in India* (London). This Indian economist of Madras maintains, not without reason, that India's burden of taxation is relatively speaking not high. Eighty percent of India's debt is covered by interest-yielding assets. Funds lent to the Indian States and the Provinces cover likewise a part of the public debt.

~~Int~~ 1940. Phra Sarasas, Ex-minister of Thailand (Siam): *Money and Banking in Japan* (London).

The reader may remember the recent failure of no less than 10,000 banks in the U.S.A. owing to the defects of the banking system. The same cause and effect has been operating in Japan in like manner. The more the private banks multiply in num-

ber, the weaker is the central control. In Japan both deposit and savings banks multiplied, but at the same time they drifted apart one from the other, for want of any system of correlation. In 1901 there were 2,355 independent savings and deposit banks, in 1909 the number was reduced to 2,155 by amalgamation, in 1928 it was further reduced to 1,157 and in 1933 to 637 with 4,868 branch offices and with an aggregate paid-up capital of 1,681,927,369 yen. It is evident that up to 1928 the financial strength of the country was dissipated instead of being consolidated. The tendency has been towards a reduction in the number of independent banks. The process should have been carried out much more quickly than it was, as many of these banks were very small. Up to 1928 only 550 worked with a paid-up capital of over 1 million yen and more than 1,000 had capital of less than 500,000 and some even had as little as 50,000 yen.

But this situation was an inevitable outcome in a newly developing country with its industry advancing so rapidly that a shortage of capital funds was continually felt. The Government had foreseen this eventuality and met it with the establishment of special institutions.

Although these institutions, such as the Hypothec Bank and the Industrial Bank, were freely operating to redress that shortage, they could not fully catch up with the growing demands, and the consequence was the birth of many small and unsound banks whose promoters were enticed by good investments backed up by solid security in the form of real property. These small banks recklessly took up long-period operations, whereas the large banks, endowed with business sense and sound judgment, observed more strictly the banking principle and pursued a more cautious policy.

When this condition had been going on for some time, each bank being allowed to pursue an independent course according to the dictate of its individual interest, in 1921 it was realised that the ordinary banks had advanced on land mortgage the enormous amount of more than 1,000 million *as* against 600 million lent out by the official agricultural and industrial banks. The situation was alarming enough, as a big proportion of the assets of the deposit banks was tied up in securities which could not be readily converted into liquid funds. The result was the failure of many banks, although these banks had acted in good faith, albeit with poor judgment.

From that time the Government continued earnestly in its endeavour to encourage amalgamation in order to consolidate the banking system. In 1921 an Act was passed providing for the merging of the local agricultural and industrial banks into the Hypothec Bank.

Moreover, the new banking law passed by the Imperial Diet in extraordinary session during the financial panic of 1927 provided for forced mergers, so that amalgamation of ordinary deposit banks has been going on ever since. But the process has been too slow, consequently financial crises have occurred again and again, forcing the less efficient institutions to retire, thereby increasing the importance and the strength of the larger banks.

Out of the 966 banks which have gone out of business in the past nine years, 733 were merged into larger banks and the remaining 263 had to liquidate as the result of the enforcement of the new Banking Act. In 1935 the number of banks which went out of business was only eleven, and in 1936 ten. The Finance Ministry now feels that if the merger policy con-

rinues, the country will nor have enough banks for normal business, and therefore forced meagers are no longer desirable.

1940 H W Singer The Monetary Policy of War-Time Germany.³

The high level of war expenditure is proudly stressed and favourably contrasted with that of the Allied Countries, in particular the advantage gained during the pre-war years 1933-39. For the method of financing this high expenditure it is considered that (while there is not too much difference between taxation and loans no resort ought to be had to inflation as a lubricant. The "stable currency" is sacrosanct, and described as part of the "German capital" which must on no account be used up for the finance of the war. For similar reasons, a "capital levy" is declared to be inappropriate in war finance, because it touches the "substance" which must be kept unimpaired.) Contrary to the method employed in the last war, taxes have been raised at once, and the system of capital remission by tax certificates has been abolished, because liquidity will be largely diminished by high war taxation, and future liquidity is no use to firms now. To safeguard present liquidity, a special "liquidity help fund" has been instituted, out of which about 1000 million marks (£60-70 millions) was advanced during the first two months of the war, to firms that found themselves in need of cash. To ensure the liquidity of the firms directly engaged in supply to the armed forces, special "Army L.O.U's" (*Wehrmachtverpflichtungsscheine*) were issued which had to be discounted by the banks.

3 From the Note on the 'German War Economy in the Light of German Economic Periodicals' (*Economic Journal*, London, December 1940). See also the issues for April 1941 and September 1941.

Apart from this need for special liquidity measures at the outbreak of war, German war finance has continued on its traditional lines in the pre-war years, striving to maintain a 50-50 ratio between ruses and loans. Special plans for encouraging saving are discussed, such as the introduction of Savings Certificates on the British model, as recommended by the *Volkswirt* (without mention of England, of course), and the creation of all sorts of "instalment-buying" schemes, such as saving up for your own house, for the education of your children, for a special old age pension etc.

1940, January American Banking (*Federal Reserve Bulletin*, Washington, D.C.).

Banks were purchasers of Government securities on a large scale in 1939 and their combined holdings of direct and guaranteed obligations rose above the previous maximum reached in 1936. The growth in bank holdings during the year corresponded closely to the increase in the outstanding amount of publicly-offered direct and guaranteed obligations of the United States Government other than United States Saving bonds which are purchased by banks only to a limited extent. Most of the increase in holdings of United States obligations was at member banks in New-York City, which added substantially to their holdings of Treasury bonds and bills and also of guaranteed obligations. Member banks outside New-York, as a group, reduced their holdings of direct obligations but purchased additional amounts of guaranteed obligations.

Federal Reserve bank holdings of United States bonds and notes were substantially increased during the period following outbreak of the European war when prices of these obligations decreased abruptly, but subsequently, when prices began to re-

cover, some of these securities were sold. After the middle of June the Federal Reserve Banks did not always replace Treasury bills in their portfolio as they matured and by December 6 the System bill portfolio which had been \$ 477 000 000 in June was entirely liquidated. As a net result of all these operations Reserve bank holdings of Government obligations showed a small reduction for the year.

Banking resources as a whole showed a further substantial growth in 1939 reflecting in large part additions to bank reserves arising from gold imports but also increase in bank loans and investments. The gold inflow in the first instance added to deposits and reserves of New York City banks and most of the increase in loans and investments during the year also occurred at these banks. Treasury operations and other financial and commercial transactions however redistributed the funds throughout the country with the consequence that deposits and reserves of banks outside New York City also increased.

The amount of United States Government obligations both direct and fully guaranteed held by all commercial banks in the United States may be estimated to be about \$ 16 200 000 000 at the end of 1939. This represents an increase of about \$ 2 200 000 000 since the summer of 1938 mostly at city banks. In 1937 there had been a substantial decrease following 6 years of almost uninterrupted growth from about \$ 5 000 000 000 in 1930 to over \$ 15 000 000 000 in 1936. The proportion that commercial banks held of outstanding publicly offered direct and guaranteed obligations of the United States Government increased from about 33 per cent in 1930 to 42 per cent in 1936 and at the end of 1939 was about 38 per cent. The proportion of total earning assets of banks held in the form of United States Govern-

ment securities increased from about 10 per cent in 1930 to about 40 per cent at the end of 1936 and has since continued at close to that level.

Most of the changes in bank holdings of United States Government securities in recent years have been at city banks. Banks in New-York City and in 100 other leading cities have accounted for over \$ 1,900,000,000 of the increase of \$ 2,200,000,000 estimated for all commercial banks since June 1938.

New-York City banks increased their holdings of Treasury bonds in the first half of 1939, reflecting in part exchanges for maturing notes but to a large extent additional purchases. In the second half of the year, when Federal Reserve bank holdings of Treasury bills were declining New-York City banks obtained additional amounts of bills. They purchased Government guaranteed obligations throughout the year, with the result that total Government security holdings at member banks in New-York showed a growth of about \$ 1,000,000,000 in 1939 to a level above the previous peak reached in 1936. At member banks in 100 other leading cities holdings remained close to the 1936 level; for the year as a whole increases in Treasury bond holdings and additions to guaranteed obligations exceeded reductions in Treasury notes by nearly \$ 300,000,000; a large part of this growth came in the week ending December 27. Country bank holdings of direct obligations declined by about \$ 250,000,000 in the first nine months of the year, while guaranteed obligations increased by \$ 100,000,000.

The sharp increase in business activity in the latter half of 1939 brought a growing need for funds to finance the enlarged inventories as well as the expansion of current operations, with

the result that city banks experienced a livelier demand for loans from commercial and industrial borrowers. In this period commercial loans at banks in 101 leading cities rose by nearly \$ 600,000,000 or 13 per cent. About half of this increase was in New-York City. Taking the year as a whole, commercial loans increased at city banks in each Federal Reserve district except the San Francisco district. During the first three quarters of the year, it appears that there was a moderate increase in commercial, industrial, and agricultural loans at member banks outside the leading cities. Notwithstanding these increases, the aggregate volume of such loans at all member banks is still only about half of the level prevailing in the 1920's.

(While the volume of both United States Government securities and commercial, industrial, and agricultural loans at banks has risen considerably, changes in holdings of other types of securities and in other types of loans have been small, except for short-time fluctuations in loans to security brokers and dealers in response to market conditions and offerings of new issues.)

1940, March British War-Economy and Monetary Policy.¹ The British Government forbids the grant of license to anybody to sell sterling securities in non-sterling currencies. The official rate of exchange is saved by this control. The importation of British bank notes from abroad is prohibited (August).

The fiduciary issue of the Bank of England is raised to £630,000,000 (June 11)

1940 J E Meade *The Economic Basis of a Durable Peace* (London). (Meade suggests that the International Authority, in order to adequately serve its purpose, must have extensive

4 See also, *supra*, p 163, and Vol II Part I, pp 323-324

powers over the total supply of money and over total expenditure. The planning of price levels and cost must be denied to individual states. He recommends the abolition of hindrances to migration but is chauvinistic enough to forbid emigration from India and other countries of Asia.)

It is too well-known that not only Japan but even China and India feel this anti-Oriental immigration Acts of the U.S.A., Australia, Canada and South Africa, etc. as derogatory to human dignity. So far as Japan is concerned, she has always considered this Eur-American legislation to be a *casus belli*.

1940. V. K. R. V. Rao: *The National Income of British India* (London, 1940). Per head of population the annual income is estimated to be Rs. 65. The socio-political aspects of the 5-Rupce man, as the Indian generally speaking is, have been analyzed in my *Villages and Towns as Social Patterns* (Calcutta, 1941). It is pointed out in that book that somewhat less than 300,000 individuals and companies in a population of 353,000,000 are in a financial position to pay income-tax which is assessed on the minimum of Rs. 2,000 per annum. It is in the background of this poverty that the politics of Indian freedom have to be analyzed.

1940. The Shipping Policy of Imperial Italy.

The Fascist policy is dictated generally by considerations of industrialism, shipping and other autarchies.⁵ Mussolini's ambition in shipping as in other branches of national economy and culture was to raise the Italian people to the status of a really first class modern power. Since the middle of 1936 Fascist Italy's

⁵ B. K. Sarkar: *Economic Development*, Vol. I. Post-War World-Movements in Commerce, Economic Legislation, Industrialism and Technical Education (Madras, 1938), Chapter on Economic Italy.

ambitions have been keyed up to a much higher niveau Italy today is not merely fascist not merely corporative but is at the same time Imperial It is the planned economy of an Imperial Italy that we encounter in her shipping policy of the last two years

The merchant marine of Italy like that of other countries is being built up virtually on the strength of state subsidy The extensive programme which has been announced for the expansion of the merchant marine in Italy is to be carried out within as short a period as possible Towards the end of 1936 Italian merchant marine was rationalized All the navigation companies were amalgamated into four groups namely the Italian Lloyd Triestino Adriatica and Tirrenia companies A further constructive programme has been prepared for the purpose of rendering the merchant marine more efficient Imperial Italy is seeking to maintain and improve the position already conquered in the various branches of trade since 1922

Today the Italian merchant marine is in preponderance in the Eastern Mediterranean In Piræus and Istambul the two principal ports of this portion of the Mediterranean it is second only to the British In South America again Italian shipping ranks second while in the North American and the Indian ports it takes the fourth place The Italian Government intends not only to maintain these excellent positions but also to improve them Imperial Italy is naturally ambitious

The present shipping programme of Italy includes the construction of 44 new ships for a total of 250 000 tons at an outlay of 1 500 000 000 lire as well as the refitting of various ships These latter are to be furnished with higher powered engines so as to permit of a considerable increase in speed Several ships

are to be withdrawn from certain lines as they are no longer suited to the service to which they are at present assigned. As a complement to these measures, and with a view to utilizing the ships to better advantage, certain alterations are to be made in assigning units to one company or another.

There is to be no alteration on the North American route, which will continue to be served by the *Rex* and the *Conte di Savoia*, two ships whose speed on the trans-Atlantic crossing is well known. But the plan will seek to perfect and speed up communications with South America. With this end in view two new motor ships will be built to replace the *Principessa Giovanna* and the *Principessa Maria*. The *Augustus* and the *Roma* will be fitted up with new engines, shortening the crossing time of these two ships which already make quick trips. These boats will undergo a complete refit, so that on entering the service again they will be even more comfortable and pleasant than before. A new motor ship is to be built for the Far Eastern service. It will have a displacement of approximately 16,500 tons and will therefore be larger than the *Vittoria*, which is at present serving this line; with a speed of 20 knots it will make the trip between Italy and Shanghai in twenty-one days.

The motor ship *Vittoria* will return to the Mediterranean where the service will be ensured by this ship and a new ship, together with the *Esperia* already serving this line. In this way communications with Egypt are to be speeded up.

The East African lines are likewise going to be improved and expanded. Communications between Italy and her African Empire have demanded the special attention of the shipping planners. One of the special tasks before Italian statesmen is that of providing the best possible conditions for the voyage of

the workers and their families on their way to the colonies. This of course is another aspect of the problem of the transport of emigrants but in utterly different circumstances from that prevailing when the emigrants are on their way to a foreign country. Here it is a question of Imperial prestige.

The African colonies will have the advantage of being served by *Orazio* and the *Virgilio* at present serving the Pacific route. Then there are the ships actually running on the East African route. The expansion will be palpable.

Two 15 000—16 000 ton motor ships will replace the well known *Orazio* and *Virgilio* on the Central and South American lines (Genoa—San Francisco—Valparaíso). The question of the South African line (Genoa—Gibraltar—Dakar—Capetown—Durban and return) at present served by the SS *Giulio Cesare* and *Duilio* is still under consideration. It is possible that these ships will be replaced by a couple of large and quicker motor ships. The project is being developed.

Other smaller new ships will be used for the Mediterranean, Levant and for the necessary integration of communications between the Mediterranean and Northern Europe.

In view of the new ambitions of the Italian Empire the lines serving Libya are going to be improved and communications with the mother country will be rendered quicker and more frequent. A general speeding up and improvement are to take place on the Italian lines serving the Adriatic, the Tyrrhenian Sea and Sicily. These may all be described as home water services.

The foregoing survey refers only to the passenger line of the subsidized merchant marine. It has to be observed that new ships with a speed of about 15 knots will be built for the sub

sidized cargo lines. This will not only speed up transport, but will give a greater elasticity to the services and lead to a considerable saving in the number of ships utilized.

For instance, at the present time the so-called African coast service runs ten ships, each with an average speed of ten knots, and each ship takes four months to make the whole trip. The new boats with a speed of 15 knots will take three months only to make the trip and the number of ships will be reduced to seven.

The whole programme summarized above refers to the subsidized merchant marine. But there is also the problem of the unsubsidized cargo marine. This is indispensable for general trade and is said to have proved exceedingly useful during the Abyssinian war, and especially during the period of "sanctions", i.e. the economic boycott of Italy by England and other powers (altogether 52 states) of the League of Nations.

The Government has therefore made a study of special measures adapted to ensure the construction of a considerable number of good cargo boats, offering a reward for those shippers, who order their boats in Italian shipyards.

1940, May 6. Frédéric Jenny: *Le Contrôle des Changes* (Paris), lecture at the *Société d'Economie Politique*.⁶

The export of capital does not take place in the form of material exportation of money but the exchange of money for foreign monies. During war times the demand for foreign monies might increase excessively leading cumulatively to the fall, i.e., depreciation of the national currency. And this might

⁶ *Annales de la Société d'Economie Politique* (Paris, April-May, 1940).

compel the state to issue more currency leading thereby to inflation. It is just to combat a situation like this that in war times all governments have recourse to the control and restriction of foreign exchange. (While in normal times, the control of currency is, according to this economist of "liberal school", the most undesirable thing, in war conditions it is declared by him to be a necessity for the belligerents.) (*Infra*, p. 186).

The theory of exchange control as discussed at the *Société d'Economie Politique* is definitely a theory of the gold standard. E. Clavery points out that "Jenny has offered a vigorous refutation of the sophism that has become prevalent during the last twenty years". In this analysis the strength or hierarchy of the currencies of diverse categories,—hard and soft of different degrees,—is established on nothing but the greater or smaller proportion of gold-cover. In France as in the British Empire the gold-standard continues to be the basis of control legislation in regard to exchange. The principles of exchange control were not well understood and adequately practised during World-War I (1914-18). During the present war the world has started with it as the foundation of war-finance.

The application of this theory in Indian conditions may be seen in the chapter on "exchange control" in the *Report on Currency and Finance for the Year 1940-41* (Bombay 1941). The exchange control regulations issued by the Reserve Bank at the outbreak of war (September 1939) were on the lines of those enforced in the United Kingdom and were mainly directed to conserving foreign exchange by limiting remittances except for essential purposes.

1940, October: Alberto de' Srefani: "Prospettiva di Collaborazione Economica" (*Rivista Italiana di Scienze Economiche*,

Bologna). An economic collaboration between Italy and Germany has already been functioning in spite of the difficulties created by the war condition. Germany and Italy have established reciprocal integration of their requirements in regard to those sectors in which the internal production is deficient.

But there are two practical difficulties implicit in the situation, says de'Stefani. First, the elasticity of the economies of the two countries not only in regard to the entire complex and categories of production but also in regard to single products. The goods that are being produced at present in modest proportions in each country may in course of time grow into important commodities on account of scientific discoveries and technical inventions. Secondly, the Italian-German collaboration cannot eliminate all relations external to the Italian-German economic space. This implies that a certain external economic space is to be reserved to Germany and a certain other space to Italy. A new intercontinental economic order should thus require to be definitely planned. That is a complicated affair.

There are other considerations. The self-sufficiency of each of the collaborating countries in regard to the necessities of life and the requirements of independence cannot be overlooked. Then there is the problem of employment of labour in each country as well as the investment of capital. The existence of *molti di questi organismi economici supernazionali* (many international economic organisms) which function beyond the political boundaries of all countries as well as the limits of the economic space that may be reserved to Germany and Italy is a reality that cannot be ignored in an *a priori* manner.

In case powerful supernational banking and industrial establishments be permitted to function in perfect autonomy, it would

contradict the theory and practice of the contemplated "new economic order", which, indeed, is likely to be vanquished and depressed under their weight.

An equivocal or vague attitude in regard to these world-economic institutions is associated with dangers, because the "capitalistic and plutocratic hydra has more than seven heads". The investments of foreign countries in Germany and Italy constitute the problem to be envisaged in this connection.

1940. Henri Truchy *Echanges internationaux et autarcie* ("International Exchanges and Autarchy", Paris). In Truchy's analysis pure autarchy is a phenomenon that can be produced without economic value but can generate the spirit of conquest. In the absolute sense of the word, it is only to the state that is master of the entire world that autarchy can be accessible. More or less the same idea of autarchy is presented in André Platier's *L'Economie de la Guerre* (The Economy of War, Paris, 1939). He defines autarchy as the permanent form of the economy of war which, together with economic nationalism, prepares wars psychologically rather than economically. In the paper on *Le Contrôle des changes* (The Control of Exchanges) read at the *Société d'Economie Politique* of Paris (6 May 1940) Frédéric Jenny likewise connects autarchy with the "inevitable preparation of the way to war". This autarchy is engendered in normal times, says he, by the control of exchanges. (*Supra*, p. 183).

1940, November—December. Benoy Sarkar "The War-Economy and Indian Industrialism."

7 Conclusion of a lecture on the *Equations of World-Economy* delivered at the University of Bombay on November 21, 1940, also at the Bengali Trades Conference (College Street Market, Calcutta) organized by the India Tomorrow Club on 30 November 1940 and at

An illustration of the "equations of world-economy" as well as their practical significance in economic statesmanship may be furnished from the position of Indian industrialism *vis-à-vis* the war of today (September 1939—)

The *swadeshi* revolution of Young Bengal (1905) would have failed to grow into the great power it has become today had there been no war of 1914-18 That war was a god-send to Bengali, nay, all-Indian industrialism and capitalism. The industrial revolution or transformation of India was intensified and multiplied by the economic enterprises attendant on that first "*Kruksheeta*" (armageddon), of the twentieth century. On that occasion as on many others in all the ages of history since the Mohenjodarian, indeed, since the Palaeolithic ages war-economy acted as a powerful factor in the promotion of industrial and commercial life. It is war that has always been a creative agent in inventions and discoveries. It is war that has ever been considerably responsible for new industries, markets, trades and businesses. No war, no science. No war, no technocracy. No war, no progress. No war, no civilization. These statements about war as a social force need not, however, be taken in the *advaita* monocratic or monistic method of functional determinism.

One has only to observe the economic indices of India about 1925 and place them in the perspective of those about 1913 in order to be convinced how tremendously India's industrial progress was influenced on account of the direct and indirect contributions of World-War I. Banks, insurance companies and transportation societies such as today are being run by Indian financiers and manned by Indian talent, we all every day consult the Bengali Institute of Economics on 8 December 1940 in connection with Professor Banerjee's lecture on the "War Economy".

cious of that war as a beneficent agency in Indian technocracy and capitalism. And of course the industries large medium or small may the cottage arts and crafts the exports and imports as well as the agricultural occupations all felt the impacts of the war in an exceedingly favourable manner. No greater tonic has been administered to the *swadeshi* revolution of the Indian people than the war economy of 1914-18.

In regard to the present war also which is really a continuation of the last war being but the second round in what may turn out to be a hundred years armageddon between the two dominant peoples of the modern world students of economic statistics especially in their bearings on Indian industry and commerce can reasonably look forward to similar consummations. (The economic indices of 1950 *vis a vis* 1938 are tending to be at least of the same magnitudes as those of 1925 *vis a vis* 1913.) Another god send to the industrial *swadeshi* of India is being furnished by the present war. No shrewd businessman can afford to be misled by the prickly observations or interpretations of the man in the street. The objective facts are telling their own tale. The war industries and the war trades have already been functioning in India in a palpable manner. The news agencies of the present war are undoubtedly not as generous as those of the last in furnishing information about the smallest or the largest new ventures or enlargements of old enterprises such as are taking place in order to feed the war machine. Nor do they always appear to be keen enough in reporting on the non-war industrial establishments that are emerging in order to fill in the gaps created by the disappearance of the peace time foreign suppliers of India's normal requirements. The factual changes in the direction of Indian exports i.e. the shipments of

Indian manufactures, semi-manufactures and raw produce to new countries within and outside the war-regions do not likewise appear as yet to have claimed the attention of the publicity bureaus. But the noses of hard-headed businessmen do not depend exclusively on the flavours catered by the official or non-official news agencies. They must already be aware of the slow but steady transformations in the industrial and commercial structure of India as well as her markets abroad engendered by the war-economy of today.

Nobody is blind enough to believe that during the period since the outbreak of the war in September 1939 India's war-preparations in men, material, technique and so forth have failed to influence Indian agriculture, manufacture, commerce, transportation, and technical education to any extent. The economist has but to visualize these preparations in a realistic manner and the businessman but to depend less on newspaper reports or rather on the absence of such reports and more on his eyes and ears, and both are likely to be convinced that the present war is repeating the experiences of the last in regard to the progress of industrialization, technocracy and capitalism in India. All this has to be visualized, further, in the background of, say, a seven-year, or at any rate, a five-year war from now on. The advances in engineering, chemistry, electro-technique, aviation, land-transportation, manufacture, cottage industries, as well as agriculture on the one hand, and in the growth of technical heads, business experts, and skilled workingmen on a somewhat considerable scale on the other may then be presumed to be the realities of economic India about 1950. Compared to that prospective consummation the developments of 1913-25 might even appear to be rather inconsiderable.

The panicky climate of the Indian markets since September 1939 is in the main due to the uncertainties about the prospective duration of the war. Those observers who attach extraordinary importance to the *Blitzkrieg* tactics have been nursing the ideology of a three week to three month war.

This is too naive an ideology. A war in which we being decided the boundaries of every people in Europe as well as the fortunes of many races if not of every race in the two hemispheres can hardly ever be the phything of a few days, months or years. Not to envisage a pretty long war in the present instance is the height of unbusinesslike mentality and unrealistic historic sense. But once the ideology of a somewhat long war (five to seven years) be accepted in the business world the markets will begin to function in all their boom manifestations. Perhaps today at the end of some fifteen months the psychology of the business world is gradually getting used to the prospects of adequately long period military naval and aerial requirements for the Indian people and the British Empire in general.

It is in this connection that the activities of the Eastern Group Conference acquire a special significance. Neither the economist nor the businessman can afford to take the purely political or journalistic view of this conference. (It is reasonable to start with an elementary postulate namely that it is not with the direct and avowed object of promoting India's industry and commerce or helping her forward along the lines of economic autarchy that the conference has been convened. Its function is primarily to organize, consolidate, unify and rationalize the British Empire resources in this part of the hemisphere with a view to the most efficient carrying on of the war. Every industrial, agricultural or commercial measure that may be projected

by the conference will have to be subordinated to this single mission. Expectations must not be raised too high.)

Not all the pet hobbies of the Indian economist nor all the financial interests of the Indian businessman can evidently come to be taken care of in the fulfilment of this mission. The economist as well as the businessman have to be prepared for the situation that among the over-seas suppliers of goods for the Indian market Australia and South Africa will occupy a larger and larger place. Any slight acquaintance with the bazars of Indian towns and villages will leave no doubt about the increasing rôle of these two Dominions in Indian economy during the last few months. This rôle is going to be more and more influential, nay, dominant during the next few years. The rule of British capital in India bids fair to be exercised in very large proportions from Australia and South Africa.

While taking due note of the rôle of these Dominions as the supplier of goods for India neither the economist nor the businessman can afford to be bamboozled into the idea that all the war-requirements of India, the Persian Gulf region, Western Asia and North-East Africa up to the Eastern Mediterranean or of Burma and the Chinese and Far-Eastern or South-Asian battlefields can be, first, manufactured in Australia and South Africa, and secondly, shipped safely to India across the seas. British capital cannot afford to depend exclusively on these two Dominions in regard to the supplies required on the present and the eventual war-fronts in and around India. The exigencies of Empire defence are bound to counsel the British war-magnates willy-nilly to invest larger doses of their finance in establishments on Indian soil than they may have been contemplating. Apart from the direct war-industries there is the ques-

tion of supplying India as well as her neighbours with the industrial goods of all sorts, such as used to be imported from abroad. The problem of these normal supplies cannot likewise be trusted exclusively to the factories and workshops of far-off Australia and South Africa. The financiers and business experts of the United Kingdom are therefore being forced by the pressure of circumstances to take India and the Indians more into confidence than they probably wanted to. These are certain aspects of war-finance such as no economist and businessman in India can afford to overlook if they care to be realistic and objective.

Evidently there should be a good place for Indian capital and business ability to function in these circumstances. In so far as a great deal of war-industries as well as non-war industries is bound to be promoted or enlarged in India as a necessity of British war-strategy the chances for Indian financiers, businessmen and technical experts co-operating directly or indirectly with the British personnel and institutions or acting independently of the latter should appear to be of large dimensions. In other words, although neither the industrialization of India nor the promotion of economic autarchy in India belongs to the terms of reference of the Eastern Group Conference the expansion of India's industry and commerce, technocracy and capitalism can be depended upon as one of the inevitable consequences of the projects likely to be taken in hand according to its suggestions.

The statistician who is interested in the economic indices*

8 B K Sarkar *Economic Development*, 2 vols, *Indian Currency and Reserve Bank Problems*, *Imperial Preference vis-à-vis World-Economy*, *Social Insurance Legislation and Statistics*, and *Comparative Birth, Death and Growth Rates*

and in the equations of world-economy should not however fail to point out at once that in point of technocracy and capitalism both Australia and South Africa are much higher developed and rationalized than India happens to be at the present moment. In regard to the pressing problems of the war, India, generally speaking, is therefore likely to be much less efficient as an industrial and technical supplier than either Australia or South Africa. Besides, it is Australia and South Africa that may be expected in much shorter time than India to get prepared for the new technocratic and industrial developments required in the present conjuncture. India's part in the war-economy of the British Empire may not therefore be as spectacular or phenomenal as that of these Dominions. Her progress may likewise fail to be as rapid and as high as that of theirs. This should be taken as perfectly normal. The amount and rate of progress or advance that an economic region can exhibit depend naturally on the actual economic condition at the moment of start. Absolutely considered, also, the rate of India's progress is perhaps likely to be low. But the industrial, technocratic and capitalistic expansion of India bids fair to be a solid economic reality all the same. The reasonable attitude for the Indian economist, businessman or economic statesman should not be to compare India's absolute or relative progress with Australia's and South Africa's during the next few years except as a theoretical study. (The chief concern from the Indian side ought to be to watch from month to month or year to year how far India has been advancing in the expansion and modernization of technique, business establishments, agriculture, workingmen and other personnel in reference to the perspectives of 1938.)

It may be found that there is not much danger of India

being exploited by Australia and South Africa in the sinister sense. On the other hand, there are opportunities presenting themselves before India for enriching herself and advancing her own interests with and without British finance and technical co-operation along the entire front covered by what is known as economic planning. It is hardly to be doubted that the shrewd businessmen of India will know how to utilize the *vishwa-shakti* (world forces) generated by the war-economy in order to promote the expansion of India as an industrial power not only at home but also in the two hemispheres, especially wherever there were markets for British goods down to 1939.

1940 E. B. Schumpeter "Japanese Economic Progress since the Depression of 1931" (*American Economic Review Supplement*)

Recovery in Japan was characterized by a great increase in industrial production and employment, and an equally striking increase in foreign trade. Measured by these indices, recovery was probably more rapid and more extensive than in any other country in the world. From the low point of the depression in 1931 to the outbreak of the China Incident in July, 1937, the volume of output more than doubled, factory employment rose by 60 per cent, and the yen value of imports and exports showed a gain of more than 200 per cent.

The explanation of recovery in Japan may be summed up as follows: (1) the government by its fiscal policy and its spending encouraged new investment and the expansion of private industry, it deliberately refrained from taxation burdensome to business, while the expenditures of the army and navy served to prime the pump in the most approved manner, (2) at the same time, industry,—by means of a program of rationa-

lization,—so cut its costs, including labour costs, that internal prices rose only moderately inspite of depreciation of the yen to one third its former gold par, (3) expanding production and foreign trade made it possible for industry to finance itself from profits so that the banks had surplus funds which they were glad to employ in the purchase of government bonds—even at low interest rates.

This process went on with no threat of a breakdown until the outbreak of hostilities with China. It has even continued to function remarkably well in so far as this has been permitted under the increasing control of a war-time economy.

The new Prime Minister and the former Finance Minister were assassinated and replaced by others. Finance Minister Takahashi guided the nation's finances during his four years in office. The actual policies and measures adopted were the following (1) depreciation of the yen, (2) increased government expenditures mainly through the army and navy, (3) no new or increased taxes, increased expenditure to be met by borrowing, (4) borrowing was to be kept in bounds and tapered off as soon as possible.

The gold embargo was reimposed in December 1931, and the yen was allowed to depreciate until it reached a level 40 per cent below the depreciated pound. It has been stabilized with respect to the pound since 1933.

The appropriations for the army and the navy and for special expenditure in Manchoukuo grew until they accounted for half of the expenditure of the national government. Government purchases were a great stimulant to the mining, metals, chemical and machinery industries, which have had a phenomenal development since the depression. This would seem to

be an example of successful pump-priming since the result has been not merely an increase in the production of armaments and munitions but a great increase in chemical fertilizers, industrial chemical, metals and machinery for general industrial purposes. Our index of industrial production shows that by July, 1937, the output of consumers' goods had risen about 40 per cent above the 1931-33 level, whereas that for producers' goods was at least 100 per cent above the 1931-33 level. There has been considerable new investment in the metals, chemical, and machinery industries.

While the export industries were being promoted and stimulated by the depreciation of the yen and the heavy industries by government purchases, Takahashi as finance minister refrained from doing anything which would increase the tax burden on industry and commerce or cause any uncertainty or apprehension as to possible government action. There were no new taxes,—with one unimportant exception,—until the spring of 1937.

At the same time industry was cutting costs by its rationa-lization program. This had begun in the textile industries even before the period of deflation. We find evidence of lower labor costs, increasing output, decreasing employment in many of the export industries. The great increase in employment came in the new industries developed since the depression. We also find evidence of lower wage costs in a reduction of wage rates.

In the textile industries where technological changes and reorganization have greatly increased the output per worker, employment rose slowly. Factory employment in general rose about 65 per cent for men and about 50 per cent for women from the low point to the outbreak of the China Incident. Since then, employment for men has risen tremendously.

What has happened to real wages? Wage rates fell by nearly 20 per cent and have only recently begun to increase. Actual earnings, however, fell by only 10 per cent and are now above the 1926 level. The cost of living fell by 20 per cent and is now slightly above the 1926 level. The discrepancy between the movements of wage rates and actual earnings is explained in two ways. Increased employment has increased the proportion of new and unskilled workers and tends to be reflected in a lower average wage rate. There has also been some decrease in wage rates for all workers, but longer working hours have made it possible for a worker to maintain or increase his actual earnings.

Japanese prices rose very slowly despite the depreciation of the yen. By the middle of 1937, retail prices and the cost of living had risen only 20 per cent, domestic wholesale prices about 40 per cent, export prices 65 per cent, and import prices 180 per cent. Both import and export prices rose rapidly at the end of 1936 and early in 1937, when raw material prices were soaring everywhere. Japanese export prices expressed in sterling were still at very low levels. In spite of high price of imported raw materials, Japanese manufacturers kept Japanese products cheap in terms of foreign currencies by reducing all other costs—especially labor costs.

The great increase in production and foreign trade which occurred under these conditions helped to create a situation in which the government's deficit bonds were easily absorbed. High profits made it possible for concerns to pay off bank loans and to increase capitalization without resort to the banks. The banks with the ample funds at their disposal purchased government bonds. The increase in bank note circulation and in

total clearings was what might legitimately be expected under conditions of rising prices and expanding business. A policy of easy money with declining interest rates was another feature of the national financial policy. In many respects this situation with respect to the banks was very like that which prevailed in the United States.

This, then, in brief describes the course of recovery of Japan. The severity of the depression together with political complications made the problem a most difficult one. The government by its fiscal policy and its spending encouraged new investment and the expansion of private business. Industry by its program of rationalization cut costs drastically. Labour maintained its earnings by working longer hours at somewhat lower rates. The banks reduced their advance to industry and increased their holdings of government bonds.

The method of financing the government spending was similar to that in the United States. The situation with respect to labor was more like that in Germany as was the nature of the government spending. The tax policy—the refusal to tax heavily for fear of discouraging recovery was something peculiar to Japan.

1941, April "Compulsory Saving" Enforced by Legislation
 Keynes's ideas in this regard constitute a prop of the budget. The tax on excess profits is 100%. But 20% of this is to be paid back to industry after the war. A man earning 45 shillings per week who paid no income tax last year will pay 2 shillings per week. In this particular instance the whole of the payment will be treated as credit to the individual in the post office savings. Compulsory saving is being planned with the object of preventing inflation. (*Supra*, pp 163, 178)

1941 C W Guillebaud *The Social Policy of Nazi Germany* (Cambridge)

The British economist's brochure is small in size like *Seldte's Sozialpolitik im Dritten Reich* (Berlin 1935) but comprehensive in scope and quite factual in contents. Social economics is hardly yet a category in Indian thought. The chapters on social insurance, social assistance, population policy as well as housing should, therefore, deserve the keenest attention on the part of Indian economists and publicists. Guillebaud argues against D V Glass, who in his *Population Policies and Movements in Europe* attaches relatively less importance to psychological factors in the continuous increase in the German birthrate down to 1938. Those who are acquainted with the ideologies of Zahn, Burgdoerfer and other demographic experts of Germany and their influence in state and society will admit that Guillebaud is more correct in his appraisal than Glass, who, however, is otherwise generally acceptable within limits. The "will to population" is a substantial factor in Nazi demography.

Guillebaud invites attention to the fact that the "enthusiasm and idealism of very large numbers of people in Germany, above all, the youth, were captured by the 'socialist' half of National-socialist ideology". The socialistic aspects of Nazi philosophy have been well stressed in this book. This should be regarded as an achievement, so far as it goes, because the tendency even in scientific circles is to establish an equation between "fascism" in general and anti-socialism. Indeed, it is entirely irrational to see in the social policy of Nazi Germany nothing but the continuation and further development of Bismarckian and Fabian state-socialism during the regime of rationalization and centralized étatism. It should be appropriate to study national socia-

lism in its British aspects as detailed, for instance, in the volume on *British Health Services* (Political and Economic Planning, London, 1937). (See *Pol. Phil.*, Vol. II., Part I., pp. 51, 144-148).

1941. Ratish Mohan Agarwala: *The Economic Philosophies of Adam Smith and Ricardo* (Meerur City).

The author presents a whole view of British economic thought in evolution. Indian economists have fought shy of writing historical and allied papers, brochures and books on extra-Indian economic ideas and developments. Perhaps they have been subconsciously under the impression that works on foreign economic history or economic theory should be imported from foreign markets. This is not a reasonable attitude. Indian descriptions and interpretations of foreign practices or policies as well as foreign ideologies are no less indispensable than foreign descriptions and interpretations. From this viewpoint Ratish Mohan Agarwala may be said to be functioning as one of the pioneers in Indian social science.

Agarwala is interested, be it noted, in "economic philosophy". Pure economics or economic theory, strictly so-called, has therefore been left out in these studies. This exclusive attention to aspects of what may be described indifferently as applied economics, social economics, welfare economics, or socialism has its merits. For one thing, it deals with the "ideals" and goal of economic creativities. It has served to place the British economic tradition in its socio-moral perspectives and emancipate the scientific *milieu* from the long-standing academic *idola* that economics is a hard-hearted dismal science. The evolution of the humane aspects in economic science from Smith to Hobson is quite perceptible in this treatment.

1941 Nationalization of Industries in China⁹

According to a report made at the end of 1940 factories which had a capitalization of more than \$ 10 000 and more than 30 laborers and which employed power in their production in the fifteen new industrial bases (Southwest and Northwest) totalled 1 354. They are classified as follows:

Mechanical Industry	312
Mining and Metallurgical Industry	93
Electrical Industry	47
Chemical Industry	361
Textile Industry	282
Miscellaneous	259
Total	<hr/> 1 354 <hr/>

China's pre-war (i.e. pre 1937) industrial development had the defects of being concentrated mainly in coastal cities and of being too slow in its progress. The war has helped to remove these defects. Today China is making big strides in industrial development in the interior despite tremendous difficulties. While it is hard to obtain accurate production figures of all small factories and mines scattered everywhere in Free China, the 1940 total value of output of important industrial and mining establishments under direct control of the Government is as follows:

9 *China After Four Years of War* (The China Information Committee Chungking 1941). For constitutional developments in China see *Pol Phil* Vol II Part I (1942) pp 303-305.

Coal	\$ 114,000,000
Iron & Steel	127,000,000
Gold	280,000,000
Copper	1,200,000
Tungsten	65,000,000
Antimony	10,000 000
Tin	160,000,000
Mercury	5,000,000
Other Metals	2,500,000
Machine Making	67,000,000
Electrical Appliances	181,000,000
Chemical Industry	1 438,000,000
Textile Industry	1,763,000,000
Food Industry	39,000 000
Power Industry	99,000,000
Miscellaneous	342,000,000
Grand Total	<hr/> \$4 693,700,000 <hr/>

(During the war years (July 1937—July 1941) the ministry empowered by the National Government to plan, administer, adjust and control the supply, demand, marketing and prices of commodities, has placed numerous articles under government control) They include iron steel, copper, cement, coal, cotton yarn and cotton piecegoods, all of which have an important bearing on national defence and the livelihood of the people

Adjustment of prices of daily necessities in the early stages of the war was guided by a set of regulations promulgated by the ministry on February 20, 1939. These regulations prohibited speculation and provided for the establishment of price adjust-

ment committees by local authorities and organizations. Such committees were authorized to fix local wholesale and retail prices in accordance with the legal rate of interest and profit.

In December 1939 the ministry organized the National Price Stabilization Marketing Supplying Bureau which capitalized at \$ 20 000 000 was to supply Chungking and other big Free China cities with cheaper daily necessities mostly purchased in Shanghai and other localities having better supplies.

1941 July Benoy Sarkar *Post War World Economy* (Calcutta)¹⁰ Post war economy is realistically considered the economy of preparation for the next war. And world economy is the economy of that much of the two hemispheres which it is possible for a people to utilize. The present war (since September 1939) may come to an end by 1944. This however is not the last war. Humanly speaking a war of revenge may be expected by 1960. Post war world economy, then, is tantamount to the economic structure and dynamics of the world during these fifteen or sixteen years (1945-60).

Jmp World economy is not to be understood as totalitarian cosmopolitanism which is the common factor in the manifold ideologies of new order, world order or world federation. The existence of a unitary solar system regulating the agricultural, industrial and commercial activities and institutions of the two

¹⁰ Lecture at the Rotary Club Calcutta 24 July 1941. See the *Calcutta Review* for December 1941.

See J. H. Richardson *British Economic Foreign Policy* (London 1936) ch. on Agricultural Policy. *Report on International Trade* (Political and Economic Planning London 1937) p. 246. G. F. McLeary *The Menace of British Depopulation* (London 1938). *Report on the Location of Industry* (PEP London March 1939) pp. 194-211.

hemispheres has to be ruled out of the picture. The regionalized and pluralistic world-economies may be envisaged as embodied in and revolving round, say, the following seven economies: (1) the British Empire economy, (2) the French Empire economy, (3) the American economy, (4) the Russian economy, (5) the Japanese economy, (6) the German economy, and (7) the Italian economy. Each planetary system will have its own currency. Besides, the customs tariff will bind each of these systems into a more or less unified whole. These seven zones may be described without camouflage, by the notoriously unpopular words as "spheres of influence" or "spheres of interest". By no means should these seven internationalisms be suspected as representing in any way the "closed commercial states" of economic and political theory. (Cf Fichte)

The chief consideration for the British empire economy is the promotion of its own strength as a territorially partial world economy or a regionally internationalized economic unit. The post-war empire economy should comprise the following items: (1) Relatively greater doses of the U.K.'s independence *vis-à-vis* the Dominions, Colonies and India in regard to agriculture (U.K.'s agricultural autarchy), (2) Relatively greater doses of independence enjoyed by the Dominions, Colonies and India *vis-à-vis* the U.K. in regard to the industries (The industrial autarchy of these Empire regions). Besides, the British people will have to go in for repopulation, e.g., the four-children family.

Last but not least, India is in need of much larger doses of British capital to co-operate with Indian capital than have been rendered available.

1941, July K. Brandt "How Europe is Fighting Famine" (*Foreign Affairs*, New York). Brandt observes that

rationing can have two objects. to eke out supplies efficiently and to eke them out evenly The mere fact that rationing exists in a country does not necessarily mean that there is famine there. On the contrary, it may indicate merely that the government is on the alert to avoid famine, to make certain that rising prices and fear of scarcity do not lead to speculation or to hoarding and gorging by the well-to-do at the expense of low-income groups. Rationing measures are quite as important for public morale as they are for the maintenance of the physical fitness of soldiers and laborers.

Today practically all the European countries, those that export food as well as those that import, have rationed at least some of the essential foodstuffs. Normally the whole Continent, excluding the British Isles, imports 6 per cent of its carbohydrates (grain, potatoes, and sugar) and 20 to 25 percent of its edible fats and oils. With the outbreak of war, a major part of these imports, and especially the fats and oils, became inaccessible. Germany foresaw this, and long before she launched her attack on Poland she had scientifically prepared a streamlined rationing system to take care of the different requirements of various age groups and occupations. Sweden, Finland and Switzerland, the few remaining neutrals, besides Portugal and Spain, early introduced rationing schemes. And since then the other nations, belligerent or occupied, have followed suit. With typical thoroughness, Germany rationed every kind of food. Bread is not rationed in Switzerland, Portugal, Greece and Italy. Meat, bacon and fish are not rationed in Denmark and Norway. Potatoes are not rationed anywhere except in Germany, Belgium, and, recently Holland.

In April of this year the basic weekly bread ration for a

"normal" consumer varied from 43 ounces or less in Spain, to 56 ounces in Belgium, 59 in occupied and unoccupied France, 80 in Denmark and 85 in Germany. In addition to these basic bread rations for adults, special rations were granted professional groups to meet the requirements of the physical work they perform. The rations of butter and fats range all the way from 2 ounces in Poland, 3 in occupied France and 5 in Bohemia and Moravia, to 7 ounces in Italy, 9 in Holland, $9\frac{1}{2}$ in Germany, 11 in Norway and $12\frac{1}{2}$ in Denmark. Similarly, sugar rations vary from $2\frac{1}{4}$ ounces to 13 ounces and more.

To ascertain what these rations mean in terms of adequate nutrition is exceedingly difficult. To compare them with the average *per capita* consumption of 71 ounces of wheat-rye corn bakery products in the United States would be quite misleading for reasons too complicated to explain here. Knowledge of normal peacetime food habits in each country is required, and these habits differ radically. In Poland, potatoes and rye bread have always formed the basic food. In France, it is wheat bread. Again, in some countries the rations change rapidly, while in others, such as Germany, they remain relatively stable. In countries with a large rural population much food evades public control. Hence comparisons must be made carefully and judgments must be cautious. Short rations in bread do not necessarily lead to under-nutrition in countries where potatoes remain plentiful (e.g. Poland, Czechoslovakia, Norway, Denmark, and Holland). The same is true of short meat rations if there are ample supplies of fish, cheese, or dry peas, beans or lentils. Short rations of butter, lard, and margarine are not important so long as bacon, pork and sausages are available.

1941, October 16. Vernon Bartlett. "Life in Moscow"

(*News Chronicle*, London) ("There are long queues of bread, milk and newspapers and shorter ones for various other commodities, as there have been for years. Patient and humble little people go back to their crowded apartments with some of that disquieting gossip you always find in countries where the press is strictly controlled" This report of Bartlett, a pro-Russian socialist member of the British Parliament, gives an essentially different picture about the socio-economic conditions of the Russian ally of the British Empire from that found in Sidney and Beatrice Webb's *Soviet Communism a New Civilization?*) (London 1935).

1941 Antonio Graziadei *La Crisi del Capitalismo e le Variazioni del Profitto*, "The Crisis of Capitalism and the Variations of Profit" (Milan) Graziadei, the Italian economist of capital, value and prices, examines the so-called law according to which the rate of profits tends to decline in all sectors of enterprise. In his analysis no such law of a universal character as maintained by both Ricardo and Marx can be demonstrated to exist. Under conditions of cartellization and trustification such as may generate monopolies the rate of profit may increase quite sensibly. Even under monopolies, again, the rates of profit rise during booms and fall during depressions. According to Ricardo a "general" crisis affecting all the branches of economy is impossible. But Graziadei maintains that the depression of 1929-32 has demonstrated the opposite thesis established by Marx to be correct.

1941 B. P. Adarkar ¹¹ *The Indian Fiscal Policy* (Allahabad) The author is prepared to give the benefits of doubt to

¹¹ Not identical with B. N. Adarkar, author of *Indian Tariff Policy* (Bombay, 1936)

protection and explains the prosperity of steel and sugar industries by protective tariff. His justification of protection is almost totalitarian in character and may be contrasted with H L Dey's criticism of its shortcomings (*Indian Tariff Problem*, London 1933). *Supra*, pp 64-65, 106.

1941, July 5 Sachindra Nath Dutt Indian Ship-building Industry.¹²

In a paper read at the *Bangiya Dhana Vijnan Parishat* (Bengali Institute of Economics) Dutt observes that the recent establishment of the first Indian ship-building yard at Vizagapatam by the Scindia Steam Navigation Company has evoked a nation-wide enthusiasm Ship-building industry is not an innovation in India but is one of India's age-long traditional industries.

He refers to the past history of the Indian ship-building industry and explains how the industry suffered a gradual decline due primarily to its conflict with the shipping interests in England The revival of the industry has now been effected by the Scindia Steam Navigation Company He dwells upon the suitability of Vizagapatam as the ship-building site and says that it has all the advantages of a ship-building yard, viz, raw material, labour, deep water, etc

For the carriage of her vast maritime trade, both coastal and overseas, it is essential, observes Dutt, that India must have a large and powerful *swadeshi* merchant marine It is also important to note that a strong merchant navy is important as second line of defence in times of war He urges the Government to provide all facilities to the new industry

12 *Hindusthan Standard*, Calcutta 6 July 1941

In his presidential remarks Gagan Vihari Mehta says that in 1923 a Committee was appointed to enquire into the causes of the decline of Indian ship building. It unanimously recommended that bounty should be given for construction of ships in India and that every facility should be granted by the Government to *private* companies such as might undertake the construction of ships in India.

In his judgment the Indian ship building industry has a very bright future and also all necessary requirements for the industry. India has got the requisite raw materials viz steel, timber, iron, zinc, etc. None of the things required in the construction of a ship is foreign to India and some of them such as engines, propellers and other machineries can be imported in the initial stages. Marine engines can be built in India and during the last war when delay occurred in shipping it became necessary to carry out the construction of marine engines in India and some vessels which were fitted with Indian built marine engines are still plying successfully. During the present war also vessels have been fitted up in India with submarine detecting and destroying apparatus. At present in India an average of about Rs 8,000,000 worth of marine and land engines are imported. Some of these ancillary industries would be developed as ship building proceeds.

India has also an available and growing home market for shipping tonnage. The coastal trade in India, Burma and Ceylon requires between 100/150 steamers at a time and as this trade comes increasingly under Indian control it will be desirable and practicable to have the ships engaged in this trade built in India. There would be necessity of replacement and at least 5/10 ships would be required every year for renewal. Many other kinds of vessel would likewise be required.

Mehta also refers to the present acute shortage of shipping facilities and says that had India had her own shipping she would have built a good market during the present period. With the re-establishment of international trade after the war India would not only require more ships for her maritime trade but she might also supply ships to other less industrially developed countries.

Finally, he emphasizes the duty of the Government in relation to the industry. He explains the difficulties of getting steel, machinery, machine tools etc during the war time and expresses a hope that the industry would receive priorities and permits from the Government.

The Director of Researches (the present author)¹¹ presents the case for protection in India's ship-building industry. He points out that (not only in England but in all the countries of maritime importance the Government have accorded the fullest measure of assistance to their shipping and ship-building industries. The struggle of Indian shipping and ship-building companies forms an inspiring chapter of our *swadeshi* movement and recent national history, says he in conclusion.)

1941, December. Women Employees in Germany (*International Labour Review*, Montreal, Canada).

Two distinct phases can be discerned in the employment policy of the National-Socialist regime in Germany, the first stretching from the beginning of the regime (1933) until 1936, and distinguished by large-scale action energetically pursued by the Government to reduce unemployment, and the second begin-

13 B K Sarkar "Shipping and Railway Policies in Economic Legislation" (*Journal of the Bengal National Chamber of Commerce*, 1926) See, *supra*, "British Shipping Policy", pp 77-79, and "The Shipping Policy of Imperial Italy", pp 179-183

ning with the intensification of armament production and the initiation of the Four Year Plan. In the second phase the scope of the employment policy was extended well beyond the normal objective of overcoming unemployment to the systematic utilization and expansion of the labour resources of the country in order to carry out the economic programme adopted by the State in pursuance of its general policy (In the first phase measures were adopted for directing female labour to certain occupations considered to be essentially feminine in character and for keeping down the employment of women workers in others while in the second phase the reserves of female labour were drawn on and by degrees such labour came to be employed in all occupations in which it could be substituted for male labour.)

The National Socialist Party has from the outset taken the view that in the interests of the community women should not be exposed to risks that might be prejudicial to their health. ✓ Moreover without the provision of special facilities it was difficult in practice to expand the employment of women in industry and more particularly that of married women. Various measures were taken therefore to promote the welfare of women workers. The Order of 29 September 1939 for instance required the employment offices before placing women with children or other dependants in employment to ensure in collaboration with the social services of the National Socialist Party and the Federation of Women's Organizations that the dependants would be properly taken care of during the absence of the women from their homes. The Neighbours Movement and similar organizations particularly aimed at securing volunteers to help working women with their household work including the daily purchases of rationed supplies and to mind children or sick persons.

Kindergartens and children's centres, established by the welfare institutions of the Party, increased in number from 12,000 to 15,000 between 1 August and the end of September 1939.

Soon after the outbreak of war the Labour Front was instructed by its Leader, Dr. Ley, to continue its canteens and kindergartens in factories and encourage their extension, and to associate closely with the welfare institutions of the Party, the National-Socialist Women's Union, the public authorities, and industry in promoting welfare work. (A direct appeal was made in October 1939 by the Labour Front to the undertakings themselves to provide *crèches*, kindergartens, and similar facilities on or near their own premises. The Minister of Labour, moreover, in his Order of 11 March 1940 directed the authorities responsible for issuing permits for the employment of women for over 10 hours a day and on night shifts, to require the employers to provide facilities at the workplace for warming up food which the workers might have brought with them, or even to have a hot meal served, especially to persons working at night.) Women welfare workers in industry numbered about 1,200 in October 1939; and this number had already been raised to 5,000 in the latter part of 1940, with 2,000 more in training, according to a statement made by the Head of the Women's Organizations.

The expansion of employment from 1933 to 1936 was far less rapid for females than for males; the proportion of females to the total number of persons in employment fell from 37·3 per cent to 31·8 per cent., and this relative decline was accompanied by systematic action to confine female labour to agriculture and domestic service. Since 1936, owing to the increasing demand for labour for the execution of the Four-Year Plan, the employment of females has had to be resorted to in larger measures, in

the first place in order to reinforce male labour, and subsequently, when mobilisation for the armed forces began in 1939, to replace it. The index number for the employment of females, calculated on the basis of the average for 1932, rose from 118.7 in 1936 to 135.9 in 1939 and 154.0 in 1940. During this period the proportion of females to the total number of persons in gainful occupations increased from 31.8 per cent, in the middle of 1935 to 32.8 per cent. in 1938 and 39.0 per cent in 1940. Since then recourse has been had in continually increasing measure to the employment of prisoners of war, and of workers of either sex recruited in the occupied countries or countries politically linked to the Reich, thus relieving the employment situation to a considerable extent, and it was only in the spring of 1941, when fresh contingents of men had to be called up in preparation for the forthcoming military operations, that the campaign was renewed, on a more extensive scale, for the recruitment of female labour, and more particularly of married women. (*Infra*, p. 218)

The recruitment of female labour on an extensive scale from sources other than those from which it was ordinarily obtained, and the employment of females on work for which until then only men had been engaged, necessitated a great many safeguards to prevent women from being engaged for work unsuited to their physique. It was necessary, in particular, to ascertain the types of work on which they could be employed without prejudice to their health, or which could be made suitable for them by an appropriate adjustment of the processes and tools or by adequate subdivision.

The urgent requirements of the war have not had the effect of relegating to the background the fixed policy of the National-Socialist regime, which is inspired by its theory of the social

function of women and their place in the employment market. The influence of this theory continues to be felt in the manner in which the employment of women has been regulated.

1942, February 2 Japanese Malaya and East Indies

The conquest of British Malaya by Japan enables her to command nearly 39 per cent of the world's output of rubber (540,000 tons). This was Malaya's export in 1940. The output retained in Malaya for home consumption falls of course also into Japanese hands.

Japan likewise comes into control of 85,000 tons of tin, the amount that used to be exported, i.e., 36 per cent of the world's total as well as the retained output.

As conqueror of Dutch Borneo, Japan is in possession of 430,000 tons of rubber, as this amount represented the export in 1940. Along with the Malayan output Japan then commands altogether three-fourths of the world's total.

As for oil, Indonesia (the Dutch East Indies) is responsible for nearly 9,000,000 tons. This is 36 per cent of the world's output. A very large portion of this is already in Japanese hands.

The strategic and economic significance of these conquests is obvious. As long as Malaya and Indonesia remain in Japanese occupation Japan will feel quite strong in essential supplies.

1942, March 8 "Scorched Earth" Policy Opposed by Indian Businessmen

The Associated Press reports that vigorous opposition to the eventual adoption of a "scorched earth" policy in India is voiced by Sir Putushottamdas Thakurdas. He supports a resolution before to-day's session of the Federation of Indian Chambers of Commerce (New Delhi), which recommends that Government

should encourage by subsidies or otherwise the cultivation in place of short staple cotton of wheat cereals and such other crops as are needed for internal consumption and are readily saleable

Persons returning from Singapore and Malaya says Sir Puvushottamdas have spread reports regarding what have been done there presumably under the orders of the Military and for the better defence of the areas concerned. I can understand scorched earth policy in Russia where every factory belongs to the State. In India where factories are put up by private capital and enterprise I should like to put it bluntly do Government expect that the masses and classes will contentedly look on when these factories on which their livelihood depends are scorched? He has only touched upon the subject but he wishes to bring home to the Government that unless they feel diffident of retaining India they must give protection and inspire confidence among middlemen and capitalists who have sunk their money and handled the material. If Government's policy is such as would demolish confidence they have to thank themselves. The Government of India should beware and think seriously before adopting scorched earth as a copy of what has been adopted in Russia and other countries

1942 March 12 Foreign Employees in German Industry
 Reuter reports from London that according to the Ministry of Economic Warfare Germany is employing over 2 100 000 foreign workers to assist the production drive. The total includes over 1 million Poles 270 000 Italians 140 000 Czechs 120 000 Belgians 1 080 000 Yugoslavs 93 000 Dutch 80 000 Slovaks 2 000 French 34 000 Hungarians 32 000 Danes and 190 000 Croats Swiss Rumanians etc. Workers have also been imported

from Greece, Finland, Norway, Sweden and Spain. In addition there are 1,600,000 prisoners of war working in Germany, excluding 300,000 Russians whom the Germans claim to have captured.

1942, April 8. War Insurance of Factories in India

An ordinance relating to the insurance of factories against war risks has been promulgated and comes into force at once. The risks covered, speaking generally, include all damage to the plant and machinery and buildings of factories caused by the enemy or in complicity with the enemy. An important feature is that damage resulting from destructive measures taken by or under government with a view to denying facilities to the enemy will also be covered.)

It is emphasized that any person who effects insurance under the ordinance by a date which will be notified later will be held covered with effect from April 1, 1942.

The insurance scheme will apply compulsorily to all factories situated in British India and coming under the Factories Act and to premises which were factories within the definition of 'factory' in the Factories Act in 1939, 1940 and 1941, including works in course of construction which, when completed, will become factories.

The basis of valuation for the purpose of insurance will be the actual value of factory buildings and factory plant and machinery on the date of application. Buildings for the purpose of insurance includes all buildings, residential or otherwise, situated within two miles of a factory and used for the purposes of the factory.

The primary liability to insure will be that of the owner of the factory but where the owner fails to insure, the occupier of

the factory will be liable to do so as the agent of the owner. Persons having an interest in property insurable under the ordinance may also insure up to the extent of their interest.

The premium payable will in the first instance be a single premium of four per cent of the value of the property, payable in instalments, cover being provided up to March 31, 1944. Government's liability to pay compensation will be limited to 80 per cent of the damage. The insured himself will bear the first Rs. 1,000 or 20 percent of the claim, whichever is greater, in respect of such claim.

1942, April 17 War Finance and Employment in the United Kingdom¹¹ Reuter (London) reports Oswald Dutch as saying that, as was obviously to be expected, the 1941-42 budget year came to an end with a total revenue of £288,000,000 in excess of the estimate. Expenditure, on the other hand, was some £185,000,000 below the final estimate. It was estimated in April, 1941, that the budget gap would amount to £3,174,000,000. Instead it stands practically at £2,701,000,000.

The predominating part of this gap is covered by loans and savings. The floating debt, which amounted to £2,813,000,000 on March 31, 1941, has risen by only £499,000,000 within the past 12 months, reaching the figure of £3,312,000,000 on March 31, 1942. What this amounts to is that only some ten per cent of the total expenditure had to be met by floating debt. Of the balance, ordinary revenue accounted for 44 per cent, and loans and savings 40 per cent. This is an exceptionally fine achievement for a war budget. (*Infra*, p 220).

March 1942, has not only been a month of record revenue

14 *Supra*, pp 163, 178, Vol II Part I, pp 323-324 *The Statesman*, Calcutta, 26 April 1942

for the exchequer. It has also recorded the highest peak yet reached in the savings campaign.

The final results of London's Warship Week have now been announced to be £146 000 000. But numerous warship weeks held in all other parts of Great Britain have themselves brought in more than £200 000 000. During March the total proceeds of the savings campaign reached £381 000 000. This equals more than £12 000 000 per day.

The fine achievement of the warship weeks and satisfactory budget revenue have enabled Government again to reduce the floating debt (for the third time this year). This reduction which was by £120 000 000 took place in March.

In a speech which he made at Bristol Mr Ernest Bevin spoke on the employment of the nation. Twenty out of forty million men and women he said have been mobilised for war work the most admirable venture of any belligerent. This mobilization of women is unequalled in any other country. The reserve of labour idle or in luxury or semi luxury work has almost wholly gone (Cf Germany *supra* p. 213).

Apart from Mr Bevin's statements it has lately become apparent that the unemployment reserves are fully liquidated and that the only other existing labour reserves are married women. A great number of the latter have however already found work of some kind or another. The risk which now lies ahead is that of using these married women for some essential civil occupations to replace single women and men. By this means more men and women can be transferred to direct war production work in factories distant from their homes.

Lecturing at New York on April 24 Lord Beveridge says according to Reuter in part as follows

"There are 33,000,000 people in Britain between the ages of 14 and 64. Twenty million have been mobilized for the forces and for vital war work. Women, unless they have young children, are conscripted for industry up to the age of 41. Unmarried women under 30 may be called up for the Services. There are already three times as many women in munitions as there were in 1918. Twenty-five thousand women have joined the women's land army * * *

"They have adopted black bread for white. They have given up eggs. Oranges and lemons have been forbidden. There is not even an apple in this 'other Eden' They have accepted a system of food rationing which is thorough and complete."

1942, April-June Loans and Taxes in War-Finance.

In the quarterly, *Current Thought* (Calcutta), Bimal Chandra Sinha examines the Indian budget for 1942-43 and finds it based on "a wrong economic policy." While the Government in the United Kingdom, says he, is depending more on loans than on taxes for financing the war, the taxes (81.3%) and not loans (19.7%) constitute the major portion of the Government receipts in India. Then, again, indirect taxation has been assigned a more important place in the Indian budgets. This, it goes without saying, falls heavily on the poor and is likely to affect the national dividend, as he observes rightly.

Evidently, Sinha wants the adoption in India of the same principles of public finance as in England. This may, however, be economically unscientific and financially unsound. In countries of high national income per capita, like England, loans are likely to yield substantial returns whereas in low national income regions like India (Supra, p. 179) the results bid fair to be relatively poor in comparison with the yields from taxation. On

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account of the same circumstances India may tend to have a relatively larger collection from indirect than from direct taxes.

India's poverty is officially registered in her income tax returns. Her 353 000 000 inhabitants have 285 940 persons and companies capable of paying income tax i.e. possessing annual incomes of Rs 2 000 and upwards. A country like this is not likely to make a decent showing in the scale either of loans or direct taxes. Its war finance may not derive much useful or practical hints from that of Germany or England (*Supra* pp 174-217).

(The financial experience of rich and high standard economic areas cannot be taken to be indifferently valid for any and every area. It is not for external application without reference to local conditions. This is in keeping with the higher and more fundamental distinctions between adult and young regions which have been maintained by the present authorities throughout this study as elsewhere in connection with the equations of applied economics (*supra* pp 56 60 69 103).¹⁵ Socialism as implied in direct taxation may be taken to be the luxury so to say of capitalistically well developed highly industrialized and prosperous countries. This providential character of socialism is likewise manifest in other aspects of public finance.)

¹⁵ *India Income Tax Report and Returns 1938-39* (Delhi 1940)
pp 13-21-31

¹⁶ See the section on The Equations of Comparative Industrialism
¹⁷ then Bearings on Economic Planning in B K Saksai's Equations
of World Economy (*Calcutta Review* June 1941)

CHAPTER IV

Ideas and Ideals of International Relations

SECTION I

The Versailles System under Challenge

(1929-1932)

1929, August The Young Plan replaces the Dawes Plan (1924-1929), fixes the annual annuities to be paid by Germany at 2,000,000,000 gold Marks (as contrasted with 2,500,000,000 gold Marks of the Dawes Plan), places the administration of the payments with the Bank of International Settlement at Basel (Switzerland) created for the purpose, and establishes a link between war debts and reparations payments

1929-30. Conference for naval disarmament is held at London. The U.S. obtains parity with the U.K. while Italy fails to obtain it with France. Disarmament is too bombastic an expression for the almost negligible reductions agreed upon in regard to each navy. Besides, Japanese reactions may be seen in T. Ishimaru's *Japan Must Fight Britain* (London 1936).

✓1929-31 Inter-racial relations¹ Businessmen and Chambers of Commerce in France, Italy and Germany are getting eager to devise ways and means for coming into direct trade relations with India. (In the scientific circles of Eur-America Indian scholars and literary men are being entertained on terms of equality by their Western colleagues. The statesmen and publicists of the world are watching with keen interest and

1 B. K. Saikar in the *Amrita Bazar Patrika* and *Liberty*, 3-4 November 1931. See also his *Futurism of Young Asia* (Berlin 1923), chapter on "The Foreign Policy of Young India (1921)," pp 358-367

sympathy the activities of the Indian politicians both at home and abroad. Co-operation with Indian diplomats and statesmen in regard to the establishment of world peace is coming to be regarded as a question of practical politics in the ideology of international publicists. The absence of Indian nationalist embassies and consulates—political, economic and cultural,—in the important centres of world-thought is being felt as a handicap to the active co-operation between East and West on a basis of mutual understanding. India's contact with *vishva shakti* (world-forces) is in need of being rationalized).

The relations between East and West are dealt with at length in *Pol. Phil.*, Vol II Part III (1942), pp 126-150.

1929 The Kellogg Pact (1928) is declared by President Hoover of the U S A to be binding on the signatory states, over sixty in number. (This treaty "renounces" war as an instrument of national policy. But the United Kingdom as well as France reserve to themselves the right of making wars in the interest of the British and French Empires respectively, just as the U S in defence of the Monroe Doctrine. According to Borchard this Pact is a positive menace to peace and good will and may actually become a method of giving moral approval to war. Shotwell says that the Pact takes no cognizance of the injustice perpetuated by the post-war treaties and that "war will remain with us and the renunciation of war will be a hollow farce")²

1929 Indians Overseas³ The Standing Emigration Com-

² H. Baines *History of Western Civilization*, Vol II New York 1935) pp 921-922

³ *Indian Year Book 1929* (Bombay) pp 450-51. See the Bulletins belonging to the *Indian Abroad Series* edited by S. A. Waiz (Bombay). Nos 19 and 21 deal with East Africa (1928-1929).

mittee, established by the Emigration Act of 1922, which prohibited "indentured" labour and declared the "assisted" emigration of unskilled labour to be unlawful except under certain conditions, is composed of twelve members of the Central Legislature. It is an advisory body and not responsible to the Legislative Assembly. Since 1922 emigration has been declared permissible to Ceylon, British Malaya and British Guiana. The appointment of Indian Agents for the Colonies has also been sanctioned. It is to be observed that since the Act of 1922 the problem of "emigration" as such has virtually ceased to exist. The fundamental considerations have been shifted to the political and social or cultural (as well as economic) developments of the old-established Indian settlers or "Indians Overseas" in the different Colonies. "Greater India" has therefore become a permanent problem of the British Empire as well as of the Indian National Congress.

The most burning problem is that of the race-questions. So far as British Guiana, Trinidad, Jamaica, Ceylon and Mauritius are concerned the struggle over the "equality of status" is keen. There is, on the other hand, positive racial discrimination against the Indian "settlers" in Kenya and South Africa.

In Tej Bahadur Sapru's speech at the Imperial Conference, London (1923), is described in detail the position of the Indian settlers in (1) the Dominions and (2) the Colonies. Some of the disabilities in the Dominions are mentioned below. (The problem of equality is a chief question in New-Zealand. There are disabilities regarding invalid and old age pension in Australia. Besides, state franchise cannot be enjoyed in Queensland and Western Australia. Canada does not grant provincial or municipal franchise to Indians. In South Africa the Cape Government

does not admit Indians to political suffrage, Natal imposes restraints on the acquisition of town lands, and Transvaal grants no franchise)

The general politics, economics and sociology of Indian emigrants or Greater India today was discussed by the present author in the paper on "Americanization from the Viewpoint of Young Asia" published in the *Journal of Race-Development* (U.S.A.) for July 1919⁴

1930. The "Balkan Conference"⁵ is organized comprising not only the ex-allies but also the ex-enemies, e.g., Albania, Bulgaria, Greece, Rumania, Turkey and Yugoslavia. Economic considerations prevail over political prejudices.

1930. George Catlin. *A Study of the Principles of Politics* (London). The value of the European social order, and the security and peace of it, is still generally held to be of less value than national honour, just as the majesty of the courts and of the civil peace was held a few centuries ago to be of less value than family or personal honour where a feud or duel was involved, and as the supreme and unique value of the Roman order was denied by the early Christian. Sovereignty asserted on behalf of such a European order would be denied. The national sovereign is not conventionally recognized as an authoritative arbiter in purely religious disputes, so long as they remain such, or in international disputes, including that between individual and nation, as for example, whether the individual shall

4 See B. K. Sarkar *The Futurism of Young Asia* (Berlin 1922), chapter on "Asia in Americanization". For a subsequent study see R. K. Mukerjee *Migrant Asia* (Rome 1936). See also *Pol. Phil.*, Vol. II Part III (Calcutta 1942), pp. 116-126.

5 *The Near East Year Book* 1931 (London).

support the nation in war. We still live in the Nation-State civilization, and our conventions and our concept of sovereignty, as absolute within those boundaries, but absent outside them, are appropriate to that civilization. That an arbiter will ever arise in the shape of a unitary world-empire seems dubious, that an arbitral institution may arise which will function on behalf of a world confederation and which will be conventionally recognized as entitled to intervene in "matters affecting the peace of the world" is possible (See *Pol Phil*, Vol. II., Part III, pp. 10-11, 206-207)

1930 India in International Law German scholarship in political science,—as accessible in books or articles of journals,—does not appear to have taken much interest in the constitutional and administrative growth of modern India. Kraus's work on *Stellung British-Indiens im Völkerrecht* ("British India's Position in Constitutional and International Law" 1930) is perhaps the first systematic work on the subject in German. He has scrupulously avoided all historical and political considerations of a general character. The approach is essentially and strictly that of a jurist. As a student of law the author analyzes the changes in the structure of British India from the days of the East India Company down to the publication of the *Nehru Report* and the Freedom resolution of the Indian National Congress (Lahore) in 1929-30. The existing constitution is described in its essential details with an eye to the situation created by the Acts of 1892 and 1909-12.

He points out that "active citizenship",—the right of election,—is enjoyed by 3.15 per cent of the population and reminds his readers that in this respect India today is where England was in 1832 with 3% While some of the forms of democracy are

noticeable in the present constitution their legal value is as yet very little, overpowered as they are by the essentially autocratic spirit and features in its make-up as well as by the presence of the bureaucratic executive.

About half the work is devoted to the legal relations of India (both British and States) with the British Empire as well as to the questions of international law involved in India's contacts with the League of Nations. In these chapters the author writes a thesis in the usual German style with quotations from Jellinek, Kelsen and other political philosophers and discovers that British India's position at the Imperial Conferences is legally,—even on the strength of "conventions" so important in British constitutional theory and practice,—difficult to define in a precise manner. The transitional character of the British Empire is apparent in the fact that while the relations between its different members are to a certain extent "international", the fundamentally 'statist' character is embodied in the principle that "His Majesty's Government in Great Britain" continues still to be the Imperial Government. India's position has been compared not only with that of the Dominions but with that of the "Territories" of the American Union. It is noted that while Porto Rico and the Philippines send "Commissioners" to the House of Representatives who take part in the debates but have no right to vote, the delegates from India to the Imperial Conference on the other hand possess the same right in discussions and votes as the representatives of the Dominions. And yet British India is a subordinate and autocratically governed entity while the Dominions are parliamentary democracies. Kraus ignores, however, the consideration that the Imperial Conference is only an association for comments, discussions and suggestions

whereas the House of Representatives is a sovereign legislative organ of the U.S.A.

India was a signatory to the Convention of the Universal Postal Union in 1893. In recent times such functions of an international character have fallen to the lot of India in ever-increasing quantities. India is today a member of the League of Nations where even Indian Princes who are not supposed to belong to British India have a place. Ostensibly India looks formally like being on a par with the Dominions in these activities associated with the "League complex" and international "agreements"-making. The author believes that so far as the functions within the League are concerned, India is almost on the way to attaining the Dominion Status in international law. But on the other hand, the law of the Indian constitution carefully excludes the League as well as all other foreign affairs from the purview of the Legislative Assembly except in an indirect and insignificant manner. Besides, the Indian delegates at the League are factually subservient to the British delegation. India's Dominion Status at the League is therefore a fiction and in the strictest sense of the term she cannot be regarded as a "subject" of international law.

The author is rather cautious in his conception of state, sovereignty and so forth, but he possesses a firm grasp of the objective realities of constitutional and international law. Even those who are not specially interested in Indian problems as such will not fail to find in Kraus's work plenty of realistic material bearing on the relations between the pressure of facts and the theory of law and custom, such as characterize the actual administrative systems and international intercourse of today. And to Indian readers the subject will appear well placed in a perspective.

to which they are not generally used. The work is calculated to widen the sphere of research in comparative politics and intensify the world's interest in the Indian question.

1931-1932 Manchoukuo is carved out of Chinese Manchuria as an independent sovereign state. It is recognized at once by Japan. This is a substantial step in the slow but steady expulsion of Eur-American domination, political and financial, from Asia in which Japan as the champion of Asiatic Asia has been working since her victories over Russia in 1905. But to what extent and in what sense Manchoukuo can become an independent sovereign state and not remain a colony, dependency or vassal of the Japanese empire is a matter for future developments. All the same, Japan is becoming the target of hostilities from all white empires (As long as they remain masters of China's territories and finance they consider the world to be safe for democracy and freedom. But in so far as an Asian power is expanding at the expense of the erstwhile Chinese empire the Eur-American albinocracy is bent upon posing as the friend of China's integrity, freedom and sovereignty.)

Be this as it may, it is never possible for all the white powers to combine against Japan at any particular point of time. It is too well known that during the Middle Ages the Christian states of Europe very often failed to make a common cause against aggressive Islam. Subsequently the European kingdoms, empires or republics, actuated as they were by the policy of the "balance of power," hardly ever succeeded in cornering Turkey in a condition of splendid isolation. The Muslims and Asiatics or Africans always had a certain number of Christian and European states on their side in their wars against other Christian and European states. Today also Japan is always likely to have one

or two white great powers of Eur America is her allies or associates against the eventual anti-Japanese crusade organized by certain members of Eur America in albinoecy. Racialism or religious fanaticism cannot be taken to be the exclusive *advantage* (monocratic) or monistic force in war and peace. As long as the Versailles system is under challenge from Germany Japan is likely to get the co-operation, open or tacit, of all enemies of the Geneva Complex. She can depend upon Germany's support until the latter has avenged herself on the Versailles-Geneva system of world domination. (*Infra* p. 232)

International friendships or enmities are by no means to be taken as long period values. German-Japanese understandings may not be less provisional or temporary and more permanent or solid than Anglo-Japanese intimacies. In *Realpolitik* whether domestic or external sufficient unto the day is the evil thereof. So also is the *entente* understanding or alliance but transitory or provisional.

1931-32. A moratorium is declared by President Hoover of the U.S.A. on the payment of the reparations and war debts (1931). In 1932 the powers meet in conference at Lausanne and accept the German demand that reparations are not to be paid. The Treaty of Versailles is thus robbed of one of its most vital detachments into German features. But Germany fails yet to get the Article 231 (war guilt clause) removed.

† 1931. June. Benoy Sircar. The Geneva Complex in World Economy, World Politics and World Culture.⁶

6 *Journal of the Bengal National Chamber of Commerce*. Calcutta. June 1931. This is the topic of discussion also at the *International Bengal Institute* (Calcutta) on April 16, 1932.

Geneva has since 1919-20 grown to be the second official capital of almost every people on the surface of the earth. The city has therefore to be described as twofold in character, first and foremost, Swiss (although of the French-Swiss as distinguished from the German-Swiss stamp), and secondly, international. It is perhaps this second, the international aspect of Geneva that has been winning greater and greater importance in the world's estimation in recent years. Whether it be politics, economics or culture, whether it be social theory or professional practice, hardly anybody anywhere in the four quarters of the globe can do without reference to the international institutions which may in one word be described as the Geneva Complex in the more important transactions of his daily business or intellectual occupation.

And this position Geneva owes to the simple fact that the League of Nations ("S d N") and the International Labour Office ("B I. T.") have been seeking to function, within the limitations of the "ideas of 1918-19", in the most objective manner conceivable. Their most obvious business has consisted in knowing and understanding the world as it is, watching and recording the difficulties and complications of the peoples exactly *as they are*. Not less is this enviable position of Geneva due to another simple fact, namely, that the two institutions have proceeded to business in a thoroughly professional and up-to-date manner. That is, in the attempt to observe and collect the facts about politics, labour or social and economic conditions the institutions do not mean to be miserly or remain inefficient in personnel or technique. They have taken care to have themselves provided with

7 Abbreviations of the French names, *Société des Nations* and *Bureau International du Travail*

adequate apparatus and paraphernalia necessary in the "mass production" of international social investigations. Rationalization, both human and material, is manifest in this atmosphere of large scale study enterprises.

There are people who cannot by any means ignore the consideration as to the manner in which the world *ought to be* reconstructed and the evils afflicting the races and the classes of mankind *ought to be* removed. To them the political and party considerations are therefore of fundamental importance in the criticism of life. But otherwise there is no observer who would fail to notice that the S.d.N. and the B.I.T. are two immense workshops of research carrying on investigations from year's end to year's end with a huge army of highly qualified and technically efficient as well as decently salaried workingmen, none of whom seems to follow a lower than the eight-hour day. The sheer volume and variety of facts honestly observed and collected as well as logically tabulated and classified on the diverse problems of freedom, food, health and happiness, are enough to raise the Geneva Complex to the dignity it enjoys in the intellectual appreciation of the nations.

My orientations to the S.d.N. and the B.I.T. were exactly the same as those to any factories, banks and business houses I have ever had the occasion in my life to visit and study. I approached them as embodiments of international team-work in organized research. As I have no political or party affiliations of any sort in the two hemispheres my observations are photographic, colourless and objective. No sentimental world-reformism or social reconstruction ideology affects my reports or views.

Especially in regard to the Geneva Complex is perhaps a new idea likely to dawn on the minds of many, including the students

of world economy and world politics namely that neither war and peace nor labour movement is as generally believed the exclusive or even chief preoccupation of these institutions. The programme of visits to varied sections and divisions is well calculated to demonstrate concretely that many of the most vital questions in the daily life of men and women belonging to all races and classes such as professionally or technically lie beyond the rubrics of world peace and class struggle are also being regularly studied and perhaps to a certain extent solved piecemeal in these international workshops of co-operative research in applied sociology economics and politics. In one word this tentative laboratory of world reconstruction is in a position to furnish almost everybody who is interested in one or other aspects of modern life and progress whether from the practical or philosophical standpoint with some data and suggestions such as are likely to be helpful in his particular field of work or thought.

The achievements of the Geneva Complex as an academic scientific informational clearing house any humanitarian or philanthropic super institution have not however been able to hide the ugly fact that it has failed tremendously in its role as the avowed and over emphasized organ of world peace. The reasons are not far to seek. They lie on the surface—in the very origin structure and plan of this international pattern. If anything this complex is the most permanent and best organized instrument for the annihilation of world peace.

In the first place the Geneva Complex is a product of and deliberately wedded to the Versailles Complex. It is dedicated to the perpetuation of the inimical relations between the victors and the vanquished powers. It furnishes therefore the perennial stimuli to the vanquished in order to embark upon avenging the

tyrannies and tortures perpetrated on them. Automatically, the greatest stumbling-block to world-peace and international amity is the Geneva Complex itself. (*Supra*, p. 229).

Secondly, the Geneva Complex embodies the ideology of the status quo in regard to the colonies, dependencies, quasi-colonies, semi-dependencies and so forth of today. It represents the philosophy of imperialism and colonialism in its most naked and shameless brutalities. There is no understanding among the imperialists of the Geneva Complex about the ambitions, interests and requirements of their slaves, *de facto* and *de jure*, spheres of influence, spheres of interest, etc. in Asia, Africa and America. Nothing could be a greater menace to world peace and international fellowship than this absence of orientation to the demands of the subject races throughout the world for independence and sovereignty on the international plane.

Thirdly, the Geneva Complex represents in its procedures and methods of activity the deliberate idea of enabling the newly created states of Eastern and Central Europe to function in an arrogant manner in regard to their ex-masters of several generations. It is based on the "sadism" of the victors which delights in getting the vanquished powers humiliated by the vassal-states. Under the benign protection of the Geneva Complex these so-called nationality-states, e.g., Poland and Czechoslovakia, are further, being encouraged to cherish plans of colonial empire in Asia, Africa or America. Like the *nouveaux riches* these new states,—the subject races of yesterday,—have been growing into chauvinists and imperialists *vis-à-vis* the "inferior races" and subject nationalities of the world. The senior imperialists of the Geneva Complex are directly responsible for the imperialistic urges of these juniors, their "spoilt children". Not the least

disturber of world-peace and promoter of international storms as the iniquities and megalomanias associated with these new jingoes, lying as they do, from the Balkan to the Baltic Complex.

Last but not least, the Geneva Complex is in general ideology the most rigid embodiment of the international order or world-equilibrium that is As the Bastille of static repose or *achalayatan*,—to use an expression from Rabindra Nath Tagore,—it fears any and every change except the ones that promote the interests and ambitions of its own empire-holders and colony-proprietors or their subordinates, their “spoilt children” The category, “peaceful change”, is vocal in its *milieu* But the Geneva Complex has failed to introduce any political change of major importance by peaceful, i.e., legal, consultative and confederal methods No political or international change that is likely to do bare justice to the feelings or requirements of the vanquished powers has ever been attempted by the ex-victors in council, known as the Geneva Complex Nor, of course, has any peaceful change been dreamt of by the empires in regard to their colonies and dependencies to the satisfaction of the latter

(The failure of peaceful change is the most fruitful spur to the violation of world peace by the suffering groups of mankind

In keeping with the general imperialistic ideologies of the bosses of the Geneva Complex their category, “disarmament” implies something entirely different from and opposite to what human beings normally understand. The following equation would indicate their position

(Disarmament = (1) thorough disarming of the subject races and of the vanquished powers + (2) arming the victorious empire-holders and their vassal-states to the teeth and nails.)

But in regard to item No. 2, the victors and their associates among the empire holders are nervous on account of the civilities and eventual wars between themselves. So the item No. 2 is often made to imply a *relative* limitation or restriction of armaments as between the ruling races (*Supra*, p. 221)

The ecology of this international pattern cannot but furnish a perpetual inspiration to the colonies and dependencies as well as the vanquished powers to attempt by hook or by crook to reclaim themselves cleverly and secretly. The Geneva Complex is philistinism incarnate and a monument of hypocrisy. It is therefore a source of demoralization and dehumanization on a hemispheroidal scale.

Internationalists, peace-lovers, statesmen and idealists the world over have been thinking of getting the Geneva Complex reformed or reconstructed. Such persons with pious wishes are invited to take note, in a scientific and coolheaded manner, of the considerations indicated above. They are likely also to be well-advised in case they care to psychoanalyze the mentality of the bosses and directors as well as the men behind them that rule this international pattern.

The mentality of ruling races in regard to international questions is affected by two diseases of a very harmful character.

First, a peculiar neurosis has almost invariably attacked the *psyche* of statesmen and scholars belonging to the empire-holding directors of the Geneva Complex. It is associated with the idola that whatever these imperialist bosses do or think is tantamount to liberty, democracy, civilization, humanity and progress. Any idea, movement or institution outside the range of these empire-holders is alleged to be detrimental to freedom, self-direction, and advancement of mankind. This smug self-complacency of the

ruling races can never lead to sanity and peace in international relations

Secondly no less noticeable is the neurosis derived from the wishful thinking that the vanquished powers and the subject races of today are bound to remain vanquished and subject for ever. The *idola* that these powers or races are so effectively disarmed that it is impossible for them ever to rise against the hated oppressors is a most universal ingredient in the psychology of the colony owners and dependency drivers of the Geneva Complex. They are naturally impervious to the Asian Monroe Doctrine cries for which have been raised not only by Japan who although a first class power and an empire holder is in perpetual dread of the anti-Asian onslaughts of Eur America but also by all other Asians from Manila Batavia and Nanking to Teheran Ankara and Cairo

Those who would seriously think of reforming or reconstructing the Geneva Complex will have to administer adequate therapeutics calculated to emancipate the Nietzschean master mentality that prevails in the Geneva Complex and its supporters among the ruling races from these neuroses and *idola*. Both curative as well as preventive treatments of *la medecine sociale* will be required in order to bring the empire holders to normal ways of thinking and acting in regard to diverse peoples of the world. A genuine League of Nations cannot come into being until the imperialists are cured of their colony mania and dependency neurosis and prevented from relapsing into them.

Social reformers academicians and reformistic statesmen of Eur America ought to know that under the regime of the League Complex the rice policy of empire holders continues to be as it was. It has failed to introduce de colonization or de imperiali-

zation It is too well known that in the first place colonialism has led to the emergence of Eurasian and Eur African hybrids on account of generally illegitimate sex contracts between the races But these hybrids have not been socially accepted by Eur Americans as their own This is one of the greatest iniquities of modern imperialism or colonialism The League Complex has not tried to promote the socio ethnic assimilation of these hybrids to Eur Americans Miscegenation of the type engendered by modern imperialism is a standing disgrace to mankind

In the second place Eur Americans have avoided genuine co operation in economic activities with Asians and Africans They have as a rule avoided contact with the enterprises run by the latter In order to maintain their dignity and independence Asians and Africans insist on possessing at least fifty per cent participation in joint concerns A situation of 50 50 economic collaboration does not belong to the mentality of Eur American empire holders *vis a vis* their colonies or dependencies The League of Nations has not sought to introduce any new morale into this milieu

Thirdly the peoples in colonies and dependencies have hardly ever been sincerely trusted by Eur American empire holders in the fields of army navy and air force Indeed the militarization of colonial peoples has been prevented and forbidden by the masters in every possible way However widely the policies of the different master nations may differ from one another they are entirely at one in regard to the demilitarization of their slaves or subjects The League Complex has systematically helped forward this type of Eur American imperialism in Asia and Africa

Last but not least industrialization is an achievement that

the empire-holders strive by every means to deny to their colonies or dependencies If, however, Asians and Africans have managed to get industrialized within certain limits it is in the teeth of opposition from their masters. It may also be maintained that the industrialization and technocratic progress, in so far as they happen to be facts of the subject races in Asia and Africa, are to a great extent but the unconscious bye-products of imperial capitalism. No empire-holders could possibly prevent this consummation from reaching their colonial areas. Semi-industrialism of the colonies and dependencies, to the extent that it is a fact, is a natural and necessary, nay, an automatic result of the capitalistic enterprises of the Eur-American masters at home and abroad.

It is questionable if the League Complex has ever consciously striven to promote a fullfledged industrialization as well as technocratic and scientific development of the Asian and African subject races. Its ambitions have always lain in the direction of preventing the industrialism and technocracy of Asia and Africa from ever becoming a powerful competitor to that of Eur-American masters.

(In all respects the League Complex has functioned as the perpetual enemy of human progress along the lines of inter-human equality. The establishment of equality between races,—the levelling of distinctions between Eur-Americans and the subject races of Asia and Africa,—has been sedulously avoided, nay, fought shy of by the League promoters of world peace.)

The failure of the Geneva Complex as an instrument of world-peace implies in the last analysis but the unpreparedness of men and women among the ruling races, i.e., the empire-holders to change their mentality in regard to slaves, colonies

and dependencies of diverse denominations. But the decade or so of the functioning of this international pattern, however, unfriendly or *statusquoish* it be to the vanquished powers and subject races, has served to enrich mankind with new and really worth while conceptions about political independence and national sovereignty. (The theory of the state, the theory of nationality, and the theory of sovereignty in external affairs are getting modified on account of the day-to-day activities of the Geneva Complex in regard to the affairs of the two hemispheres. These modifications and transformations are valuable for the clarification of political intelligence.)

In the atmosphere of the Geneva Complex political philosophy is, first and foremost, acculturated to the idea that nationality or political independence as an aspect of sovereignty is, in its origins, a function of international interventions, mutual intrigues, and wars. Subject races or regions can, if at all, become independent or free if they can, along with other things, carry on intrigues with the enemies of their masters and if the former can successfully overpower the latter. (International rivalries and wars constitute the fundamental *milieu* and the sole possibilities for the eventual emancipation of colonies and dependencies from their rulers. Peace conditions enable the rival powers to pool their interests with one another and perpetuate the *status quo* and are therefore the most detrimental to the interests and requirements of subject peoples.) As soon as wars break out, the belligerents vie with one another in order to espouse the freedom of the slaves of their enemies. National freedom or statehood is thus conditioned by the international conjuncture so far as its beginnings are concerned. No war, no state. No war, no freedom. Indeed, from the earliest times until today there is no

instance of any subject race becoming politically free or semi-free without the intervention of a third power successfully overthrowing the ruling race. Nations are never made exclusively by themselves. Foreign aid is as great a necessity for a subject race attempting to acquire freedom as self-help in the form of nationalist activities.

The *milieu* of the League Complex is, like that of the foreign offices in every capital city of the world, one of secret post-parsers, diplomatic understandings and entangling intrigues. Geneva is in this respect a comrade or cousin to London, Paris, Berlin, Moscow, Rome, Washington, Ankara, Tokyo and Shanghai. It is at Geneva as at other centres that shrewd businessmen as well as politicians or party-leaders seek to utilize the *vishwa-shakti* (world-forces) in order to get the goods for themselves, their concerns or their countries. No intrigues, no national (or minority or party) consummations. This was the international world-view previous to 1919. This continues to be the world-view since then. Our old Kautalya propagated the doctrine of *mandala* (circle or sphere of political interests). It says that the enemy's enemy is your friend. This maxim, naive as it is, has been followed by the statesmen of every region and every age. Under the League Complex also political adults and juniors from far and near vie with one another in exploiting the world-situation in such a manner as to discover the prospective enemies of their enemies and organize their alliance with the former for eventual employment against the latter.

A second phenomenon of extraordinary importance in the theory of freedom, statehood and nationality that is most prominent in the *milieu* of the Geneva Complex is the preoccupation with the minorities and their problems. As a rule, minorities are

alleged to be the special features of the newly created states in Eastern and Central Europe. In reality, they exist in every state, old and new, great, medium or small. Political philosophy is forced to admit the worthlessness, factually considered, of all theories which base freedom, nationality, statehood or sovereignty on the unity of race, language or culture. There is hardly a state anywhere in the world that is uni-racial, uni-linguistic or mono-cultural. The subject has been dealt with in my *Politics of Boundaries* (1926, 1938).

In all discussions on world-politics the category, "nation", should have to be ruled out. It ought to be replaced by the category, "state". The world knows not a League of Nations, which is a misnomer, but a League of States, which is a reality. Every state is to be postulated as a complex of multiple races, diverse languages, and plurality of cultures. The nationality theories of Herder, Fichte, Mazzini, Kossuth, Masaryk and Aurobindo, deserve to be treated as curios of political philosophy. The World-War I (1914-18) was advertized as the war of nationalities. But it produced just a bunch of states in none of which the principle of nationality was in evidence. Each one of these states is, indeed, an instrument for perpetrating tyranny on the minorities. The greatest mischief conceivable in the political world is today being committed on account of the survival of this nationality *idola*. The factual situations in the Geneva Complex ought to emancipate political philosophy from this incubus.

The world needs theories and postulates such as may deliberately go in for polyglot, multi-racial and hetero-cultural states. The cementing bond of *hotchpotch* states, as every state of history from ancient times until today has factually been, is in modern times to be twofold. First is wanted the universal suffrage

of adults. The second desideratum is adequate weightage in favour of the poor in every state. Minorities, as a category, can therefore be automatically rung out of existence. The first may be described as the democratic principle. The second principle may be called socialistic. The Russian experiment is likely to be instructive in this regard. Two other compulsory requirements of modern statehood are being singled out. The first universal requirement is freedom of conscience, faith, creed or religion as well as of social customs and *mores*. The other necessity is the dignity to be attached to every local language of substantial dimensions obtaining in a large country so far as elementary public instruction and administrative affairs are concerned.

In the third place, the Geneva Complex has been serving to reorientate international law to novel data in regard to the theory of sovereignty. The number of conferences or discussions on political, currency, economic, labour, hygienic and socio-cultural topics in which dozens of states,—independent, semi-independent, subject and semi-subject,—take part from year's end to year's end has grown enormously during the last decade. These international conferences are virtually world-parliaments or super-statal congresses. Major political issues are as a rule avoided in these discussions. But there is hardly anything of importance in the public life of the most diverse peoples that remains outside the agenda of these inter-statal deliberations. It is impossible to deny that, for many purposes and in considerable proportions, the boundaries of states or frontiers of nations *n'existent pas* (do not exist). Every state is more or less directly and of course indirectly interfering in and co-operating with almost every other state in the normal activities of politics, economics and culture. Such mutual interventions or reciprocal influencings have been

increasing dose by dose and day by day, at any rate, in the sphere of deliberations and discussions

Not are these deliberations and discussions to be envisaged as the merely academic proceedings of international scientific congresses Their impacts on actual legislation and administration in the participating states are considerable and have been growing in magnitude and worth The results of these international deliberations, proposals and resolutions are regularly presented to the parliaments and other assemblies of the participant nations. The members of the national parliaments are called upon to discuss and vote upon the international findings and thereby co-operate with the members of other national parliaments in regard to common problems which are really the questions of all-world consequence. Some of the Bills passed by national parliaments into law embody thus in a considerable measure the voice of many parliaments and many peoples. The sovereignty of individual states has therefore ceased to exist *as an absolute or unconditioned phenomenon*. It is conditioned and limited to a certain extent by the discussions, findings, opinions and interferences of a large number of states existing beyond one's own frontiers.

To what extent the participations by states in inter-statal congresses and conferences are really popular, democratic or proletarian is in open question. Nor can it be vouched that the national parliaments and assemblies of individual states are controlled by the masses, the poor and the pariah. The mutual interventions in state affairs which are tantamount to the international limitations of national sovereignty need not therefore be assumed to be democratic or proletarian.

It is, besides, to be observed that representatives of foreign

states do not attend the national parliaments or assemblies except once in a while as guests or observers, and have no voice in the deliberations of these bodies. The national parliaments continue thus to exercise their rôle in formal or *de jure* independence of one another. This formal independence is more or less similar to that of the local bodies in a unitary state or of the member-states in a federal structure. All the same, the factual intervention of the international congresses in the affairs of the national parliaments is not more to be denied than that of the federal authority in its member-states or of the unitary central government in its provincial or district organizations. The sovereignty of individual states has become to a certain extent federalized or decentralized on a world-wide inter-continental scale. This is an aspect of the functioning of the Geneva Complex which is well calculated to cry halt to the traditional conception of absolute, unlimited and undivided sovereignty as prevalent in international law. The sovereignty of Grotius is found to be a myth.

Altogether, in spite of the failure as an organ of world-peace and notwithstanding the imperialistic insincerities of the ruling races the Geneva Complex is a world-necessity for politics, economics and culture. Attempts to reform and liberalize it are always to be welcome.⁸

1931, September 18. The Japanese actions at Mukden in Manchuria (Manchoukuo) may be said to constitute one of the first terms in the world-planning as conceived by Premier Gene-

8 The ideas of the present author as expressed here may be compared and contrasted with those of Benjamin Gerig in "An Appraisal of the League of Nations" contributed to the Commission to Study the Organization of Peace. See *International Conciliation* (Carnegie Endowment for International Peace New York), April 1941, pp. 303-316.

in Taira's several years ago in the Memorial submitted to the Mikado on July 25 1927. The Taira plan of Japanese expansion in Asia comprises the items as indicated below.

In the past the Russo Japanese War was really a part of the war against China says Taira in that memoir. In future in much the same sense the influence of the United States must be wiped out before we can control the continent. Just as the subjugation of China depends first on the seizure of Manchuria and Mongolia so domination of the world depends first on the acquisition of China. Upon the submission of the Middle Kingdom India as well as the other nations in Central Asia and the South Seas will revere us and yield to us thereby making the world understand that East Asia is ours.

The Japanese attempt to put these ideas into action is first made in Mukden on September 18 1931. For six years afterwards the series of battles fought at the Shinghai Sector Chin chow Shanhai Kwan Jehol Hsifengkow Eastern Chahar and Suiyuan are to be seen as preparations for further pre-fixed designs. Thus the gunfire of July 7 1937 at Lukouchiao is but a link in the chain of Japan's well thought out policy. This is the beginning of the Sino Japanese war that is ultimately mixed up with the World War II (September 1939—) in December 1941.⁹ See *infra* section 3.

1931 December The Nationalist Background of Rabindranath Tagore's Internationalism.¹⁰

9 See in this connection T. Ishimaru *It is Must Fight Britain* (London 1936) and M. J. Gryn *The Fight for the Pacific* (London 1941).

10 B. K. Sircar's paper in *Advance* (Calcutta) during the Tagore Week in connection with the seventy first birth anniversary of Tagore.

In India to-day there is an opinion prevalent in certain circles to the effect that Rabindranath is too internationalist to be of any use to our country. I should consider this opinion, in so far as it is seriously held in certain quarters, to be more or less unfounded in facts. In the first place it is necessary to remember that Rabi Babu has been writing without break for over half a century. Humanly speaking, there are very few people who have read all his writings from beginning to end.

In the second place, his contributions to literature and art have been made in diverse forms. He is as great an essayist as lyricist, as great a story writer as dramatist, and his paintings also constitute a world in themselves almost as extensive as his literary work. It is naturally very difficult for a person who has only read some of his essays on social subjects or on religious topics to measure exactly what Rabi Babu has had to say for instance in his satires, comic songs, dramatic stories or novels. It is easy to understand that what the author puts into the mouth of certain characters in a play or a novel is not necessarily what he says while he is lecturing. Then, again, while he lectures to an audience of social reformers his orientations are likely to be different from those on the occasion of lectures before a literary conference. Any estimate of Tagore's personality or of his poems, prose works and paintings is therefore likely very often to be vitiated by one-sidedness or partial knowledge which means error. An encyclopaedia is too much for a journalist.

In the third place, we cannot ignore the fact that Rabi Babu, although a poet and a painter, is also none the less a human being and he has to come into contact with all sorts of

About Tagore as "the greatest Indian of history" see *Villages and Towns as Social Patterns* (Calcutta, 1941), pp. 131, 628, 637, 653-662.

persons, institutions and movements. In the course of all these social contacts it is reasonable to guess that he should appear in diverse aspects adapted to diverse situations. One would be a very superficial observer of human character if one were to judge of Rabi Babu's achievements in art and life on just a few of these varied expressions of personality and then treat them as the whole of that personality. It appears to me indeed that of all human beings the most likely to be misinterpreted are eventful and encyclopaedic personalities like Rabindranath. One such person was the French Hugo and another such was the German Goethe.

I have had discussions of late with persons belonging to different professions, both young and adult, and have noticed that on many occasions the misinterpretation of Tagore's life and art takes one or other of the following forms.

The first may be grouped under the standpoint of internationalism *vs* nationalism.

Secondly, there are people who doubt whether Rabi Babu has ever rendered any service to the country at all.

And finally, people suspect that being essentially an artist, Rabi Babu has more or less failed as a practical man.

I am stating the propositions very bluntly and in as straight a manner as possible. The very fact that such questions have arisen indicates in my mind not only that Rabi Babu is too vast, varied and profound as a man and creator but at the same time that there prevails also a more or less extreme vagueness among these people in regard to the ideas of internationalism, nationalism, service to the country and practicalness.

Let me take up the last question first, namely, that about Rabindranath's being a practical man or otherwise, and I should forthwith ask the following questions —What is a practical

man? Is not a literary man or an artist also a practical man? Is it possible to say that the cultivator is the only practical man on earth? Or shall we say that the only practical men of the world are the *mistris*, the carpenters and the potters? Or are, we to believe that chemists, engineers, bankers, jute brokers, contractors, businessmen etc are the only persons who deserve to be respected as practical people? All these questions suggest an absurdity. Rationally speaking, the cultivator, the *mistri*, the cook and the manual worker are not more practical than the engineer, the doctor, the politician, the banker, the insurance agent, the journalist, the school-master, the proof-reader and so forth. Nor are all of them combined more practical than the poets, musicians, painters, dramatists, sculptors and so on. It is a senseless superstition to believe that poets and painters as such are unpractical people. In reality, values are being created by all sorts of workers, no matter what be the profession to which they belong. So we need not discuss any more the 'metaphysical' question as to whether a literary man as such is as good a practical man as those who are tilling the soil or carrying the loads and selling a company's shares.

We may just analyze some of the details in the biography of Tagore and ascertain whether as a human being he has been less practical than many other countrymen of ours, known or unknown. I do not believe that the Santiniketan School is unknown to our countrymen, and it is equally not unknown also that there is an agricultural department attached to this school. Those who know anything about this department know also that Rabi Babu has been busy for quite a long time with introducing improvements in the peas and tomatoes that we eat and other vegetables that nourish our body. He has been trying not

only to improve gardening but also to improve the diet of boys and girls. His energies have been directed in this manner for some long time towards introducing measures such as are likely to build up the very flesh and blood of the Bengali race. It is to be understood of course that he is neither a cultivator nor an engineer nor a medical expert but as a common layman he has applied his brains to enrich Young Bengal with new food and new foodstuffs. This local background of Tagore's deserves emphasis.

Many of us to-day in Bengal have got used in our clothing to what we call *punjabi churidar*. If one were to trace the story of its introduction in Bengal in modern times, one would have to follow it up to Rabi Babu or to certain people who were in intimate touch with him and worked more or less in the same sphere of ideas. Rabi Babu has taught us also how to improve our middle class housing, how to beautify the walls of our cottages and buildings with pictures and paintings. All those things that touch food, clothing and shelter, in other words, the very fundamental physical requirements of life have arrested the attention of Rabi Babu although as a poet and painter he is supposed not to have any interest in the practical things of the world.

One can pick up dozens of such trivial incidents of daily life such as physical exercise, dance, street clearing, rural service, excursion to the countryside and so on and we can feel how some of the present popular incidents of Bengali social and cultural life we owe in a great measure to the pioneering activities of the same poet and painter who as a rule is considered to have failed in practical affairs. The little things of this earth have found in him an energetic exponent.

The little things in regard to food, clothing etc., that have been described above are no mean contributions to the enrich-

ment of a village district or province. If a man in the course of his life time is really in a position to transform or help transform these ideas of domestic and social economy no matter within what limited sphere one would certainly deserve to be honoured as a great benefactor of the country. These are undoubtedly inestimable patriotic services to Bengal.

But let me now proceed to another line. Let me define services to the country as consisting in those items which take the form of and which come from participation in public functions. Rabi Babu is already 70 years old. Is there anybody in Bengal who believes that Rabi Babu has had no occasions in life to take part in public movements as a secretary chairman organizer and what not? Is there any body who believes that Rabi Babu in his long life has had no chance to serve a fellow man at sick bed? Are we to understand that he has not known what it is to help a needy person with some food or clothing or some bit of money? Biographers may care someday to make out a list of all the personal charities or humanitarian activities in which Rabi Babu as a young man as an adult and as an elder has taken part. These perspectives are not insignificant.

Let us pass on to other public functions. Rabi Babu has edited managed and published journals. Industrial conference exhibition *swadeshi mela* and so forth have demanded his energies as a participant. It is well known also that he has participated in provincial political conferences. One would easily believe what is also a fact that the work of organising literary conference has likewise been within the range of his experience. Nobody doubts that he has organised at least one school. In those services to the country which imply taking part in the organised activities of the people Rabi Babu has done his share.

quite copiously and well. It is self-evident that politics is, but one of the many fields in which his services to the country have expressed themselves. There are very few persons in India whose "public activities" have really been so varied, so intense and so life-long. It is not necessary here to make out an exhaustive inventory of all his secretaryships, editorships, chairmanships etc., in a chronological order. It is only necessary for all of us to remember that Rabi Babu has always grown in intimate contact with the living movements of the people. Besides, there are very few leading men in the different walks of public life, who have not come into direct social relations with him.

But why is it that people very often suspect that Rabi Babu has not taken part in public movement or that he has retired from it in disgust? I believe that the answer is to be found in ignorance on the part of the people as regards Rabi Babu's ten-handed activities. It seems that for sometime he has not been "in evidence" in the daily papers! To a certain extent it is due also to the fact that Rabi Babu has not often been a "party-man". One cannot deny, however, that on many occasions he has functioned also as a member of a group, that is, virtually as a party man. But whether he is a party man or not in social, economic, literary, educational or political matters, one should be judicious enough to recognise that his services to the country are none the less concrete and tangible facts, which can be counted and measured. And he is not yet a "back number." Let me ask here another question. Can it be said that everybody in Bengal, who is serving his fatherland in one form or another is a member of a group, that is a party-man, or that his activities are being daily announced in the papers? The answer is No. People who try to appraise Rabi Babu should ponder

over this fact. To-day at seventy he is as active as he was at fifty or forty-five, and active in public service. In regard to the services to the country he is neither indifferent nor disgusted. He has not retired but is always forging ahead like a young man. To-day he is introducing a machine, to-morrow he is introducing a dance, the next day he is introducing an idea.

The question of Rabi Babu's services to the country has already led me automatically into the topics of nationalism. He has worked all his life and is still working as a nationalist,—a nationalist in literature, a nationalist in education, a nationalist in economics, and be it observed, a nationalist in politics too. Young Bengal must not forget the great "ideas of 1905" in and through which it was born. And in this connection, we must not also forget the fact that one of the most radical sources of inspiration for Bengal and entire India in those days was the nationalistic, democratic, individualistic, social philosophy preached by Rabi Babu in his paper on *Swadeshi Samaj* in 1904. As a father of extremism in nationalist politics, of the glorious Bengali revolution, Rabi Babu will remain immortal in the annals of political philosophy. And from that position I do not remember him to have ever declared a "strategic retreat" either for himself or for his countrymen. He has never renounced his devotion to the country nor his faith in self-respect and self-help.

Why then so much fuss about Rabi Babu's alleged internationalism? Let us not deceive ourselves and be prepared for straight talks. We must be clear about the A B C of India's position in the world. Every man in India to-day is consciously or unconsciously an internationalist. It is sheer thoughtlessness when somebody condemns a Bengali or another Indian for his internationalism or ultra-internationalism.

(What, after all, is this innate internationalism of modern India? It means neither more nor less than this. We in India have quite a lot to learn from non-Indians, from foreigners, from other races and regions of the earth. Thus considered, every school, every college, every university, every library, every museum, every journal, every research institute in India, nay, everything that is of any importance in the life and thought of India is through and through internationalist. No matter what the position or profession of an Indian to-day is, he is everyday making use of Aristotle, Dante, Milton, Goethe, Pasteur, Einstein, Marconi, Okakura, or Edison. Indian life, economic, technical, artistic as well as political, is even in the remotest villages inspired by contacts with all sorts of *vishvashakti* (world-forces). Rabi Babu has but consciously admitted this fact and asked us all to be conscious about it, and as far as possible he has also been trying to promote it.)

(I should now mention another aspect of internationalism, which perhaps is not consciously or unconsciously a part of the daily life of the Indian people. It consists in an intimate friendly association with the peoples of all races in social, economic, cultural and political spheres. And this is an aspect which Rabi Babu, along with others, has through his writings, paintings as well as travels and other items of personal life consciously and deliberately promoted. He has sought to obtain for the people of Bengal as well as of other parts of India a very large number of genuine friends in different countries of the world. While establishing these relations of fellowship with foreigners Rabi Babu has not neglected to emphasise the equality principle, the principle of mutual respect. It is on terms of equality that he has associated with foreigners and he has taught them also to asso-

ciate with us on the same terms. And I do not know of a single instance in Rabi Babu's literary productions or paintings where his message could be directly or indirectly construed as implying a negation of or even indifference to our country's claims. The nationalist perspectives of his internationalism are obvious and profound.

(All through his life through his travels and through social intercourse he has attempted to fulfil one grand mission namely the expansion and heightening of India on all fronts. This is an internationalism which is neither to be scoffed at nor senselessly ignored. It is this kind of internationalism that is the very instrument in the quickening and furtherance of nationalism. Altogether as an internationalist Rabindranath has been a most effective and comprehensive servant of India, a servant who knows how to utilize the world in the interest of India's advance to freedom.)

1932 Mirkine Guetzevitch Russian *Droit International et Droit Constitutionnel* (International Law and Constitutional Law) Paris. The same social and historical reality is considered to be manifest in these two branches of law. They are not to be taken as two different laws but two aspects of the same law. International law is carried out by constitutional law. Respect for law is such as a function of democracy. The expansion of democracy is likely to be conducive to the respect for international law and greater and greater *rapprochement* between this and constitutional law.

1932-33 The Japan China War breaks out in North China (Manchuria) and Shanghai.

1932 Beyond the Great Powers. The *Macht und Erde* (Power and Earth) Series. Leipzig contains a volume entitled

Jenseits der Grossmächte (Beyond the Great Powers) Lautensach deals with Spain and Portugal, the great powers of the past, and Maull with the states of Latin America and Greece. The states of Northern Europe and the Baltic Complex are discussed by Schrepfer and those of Central and South Eastern Europe, the Balkan Complex, etc. by Triampler. Holland and the Dutch Empire have been studied by van Vuuren, Belgium and her Congo Empire by Leyde, Switzerland by Oehler. The contributions on the Near East and Africa are by Obst and on the buffer-states of Asia by Haushofer, who is the general editor.

International movements, especially those confined to continents or subcontinents have formed the subject matter of several chapters. Pan-Europa has been studied by von Loesch, Pan-Asia and Pan-Pacific problems by Haushofer, and Pan-America by Maull. Haushofer has a special chapter on the minorities and the stateless peoples. A chapter on the League of Nations, pacifism etc. has come from Grabowsky. The statistical data of the world beyond the great powers have been furnished by Staude.

The three volumes of *Macht und Erde* are objective and factual in regard to territory, race, language, economic resources and constitution. The treatment is sufficiently intensive and enlivened with appropriate reflections on the psychology of the races, the rulers, the ruled, and the state-makers. The Series presents the readers with well-digested interpretations about the forms of political life and their mutual relations. The economic and sociological perspectives have been discussed in a meaningful manner. No series of three volumes is calculated to be a better handbook for applied politics. Geopolitics is a new culture that requires concrete illustrations. The present Series

may be appraised as a valuable document by way of introduction to this science or art

Under Haushofer's leadership the authors have sought to utilize the data of geography, anthropology, economics, politics and sociology in one mould. Their object is to offer a comprehensive understanding of human life in its group-activities as well as indicate some of the lines along which the *purusha* (man) is likely to remake the *prakriti* (Nature or Earth) in the near future. And this indeed is the scope of *Geopolitik*.

The *Macht und Erde* Series deals comprehensively with the *viswa shakti* (world-forces) and the manner in which man has been transforming or remaking them. Using a category of Hindu social philosophy such as *virabhogya vasundhara* (The Earth is to be enjoyed by the Hero), we may indeed describe the books planned by Haushofer as belonging to the *Virabhogya Vasundhara* Series. A Series like this is highly desirable in India today in order to serve the intelligentsia that has been getting ripe enough for the utilization of world-contacts in the interest of India's expansion. (See, *infra*, 1934, *Geopolitik*)

1932 A conference is held at Geneva to provide for universal disarmament. Germany demands either her parity in arms with the other powers or their disarmament down to her own level. (*Supra*, pp. 226, 235)

1932 America's Contacts with India.¹¹ The men and women of India are immensely interested in the activities and movements of the people of the United States of America, the fatherland and handiwork of George Washington. American

11 B. K. SARKAR in *India and the World*, Calcutta January 1932 in connection with the Washington Day observed by the 'Antarjati Banga' Parishat ('International Bengal' Institute), Calcutta.

economic developments, American commercial policies, the changes in the structure and rhythm of American economy possess a deep significance for economic India, for our merchants and industrialists. America is one of the largest purchasers of Indian goods. To the American markets our countrymen export raw and manufactured jute, hides and skins, lac, seeds, tea, iron and steel and other articles valued at Rupees 211,400,000. This means 9.4 per cent of the entire export trade of India. On the other hand it is on America that our people depends for 9.2 per cent of our imports. American sales to India are valued at Rs. 151,200,000. And the goods that we buy from America, comprising as they do mineral oils, motor cars etc., machinery, rubber, raw cotton, hardware, instruments and so on are just the articles that serve to help forward the industrialization of India and modernization of her material life. Altogether the business between us and the American people involves a transaction of Rs. 362,600,000. In other words, every Indian is interested in the agriculture, manufactures and commerce of the United States to the extent of some Re. 1-2-0 per head.

It is to be understood, moreover, that India's business relations with the American people have been steadily moving on a rising curve. While in pre-war years Indo-American business relations accounted for 5.8 per cent. only of India's exports and imports, to-day they amount to 9.3 per cent. India has been becoming more intimate with the U.S.A. and the inter-dependence of the Indian and American peoples is one of the outstanding features of contemporary world-economy. India needs America as much as America needs India in the daily concerns of life and the need from both sides has been felt to be keener and keener as well as solidier and solidier.

Economic India's contacts with the American business world are not all materialistic. It is to the U. S. that many of our engineers, chemists, bankers and traders owe their training, inspiration and experience. It is worth recording, besides, that the now universally recognized Agricultural Institute at Pusa in Bihar owes its beginning to the generosity of an American citizen. Not the least important consideration is to be found in the fact that the men and women of America, since the glorious Chicago days of Vivekananda (1893) and specially since the expansion of Indian life generated by the *Swadeshi* revolution of 1905, have been extending their friendship to and declaring their appreciation of Indian travellers, business men and scholars while sojourning in that country. Many of our students and research fellows owe likewise much of their personality and creative enthusiasm to the sincere hospitality of American homes, educational institutions, factories, banks, insurance companies and other business houses.

There are reasons to believe that the Indo-American contacts in the business sphere are tending to grow deeper and more extensive in the near future. Since the world-war the U.S. has been functioning as an "adult" on the industrial plane. Her position as an industrial "great power" is an established fact of the economic world. Besides, the money-market of the world has been more and more ceasing to be unicentric. The old monopoly position of London as the financial centre of the two hemispheres is becoming a thing of the past, and the world-economy bids fair to be governed to a certain extent from other centres as well, one perhaps on the European continent, say, Paris, Amsterdam or even Berlin, and the other on the Trans-Atlantic continent, namely, New York. And in this poly-

centric system of world finance New York's role has but just commenced to exhibit its tendencies to grow and expand. The trends indicate that America's expansion not only in the world regulated by the Monroe Doctrine but in Eur Asia as well is to constitute a phenomenon of the present and the following decades. We are in for an epoch of Americanization in mankind's economic activities and institutions.

Already the states of the Balkan Complex, Eastern Europe and Soviet Russia have embarked upon their career of new birth or rejuvenation with big doses of American bullion and brain. The industrialism, the technical remaking and the new democracies constitutional social and economic of post war Europe in these and other regions owe much to the vitalizing touch of American finance and business organization. It will be but a natural continuation of the same processes of World Americanization i.e. of the expansion of American institutions, standard of living and efficiency, labour conditions etc. in world economy when the Indian handicrafts, small and medium industries, agricultural enterprises as well as rural and municipal life in general begin likewise to be quickened into fresh activities under the impulse of Indian co-operation with and assimilation of American finance on terms of equality. (The industrialization of India on all fronts as well as the heightening of the purchasing power of millions of our peasants, working men and middle class intellectuals indeed the consummation of the first industrial revolution on the Indian sub continent is going to be effected in a considerable degree is a direct consequence of America's consummation of her second industrial revolution as embodied among other things in the rationalization of her technique and foreign trade as well as in the export of American finance engi

neers chemists and machines (or instruments of production) to the yet undeveloped countries of the world)

The participation of the Indian people in the two-hundredth birth anniversary of George Washington is well calculated to remain a landmark in the history of India's orientations to America and of America's orientations to our country. It will be a turning point in our appraisal of America's fundamental importance in India's international relations as well as in the appreciation by Americans of the growing value of India in their scheme of democracy idealism and societal energism.

Greater India and Greater America will thereby meet on a common platform of a genuine people to people co-operation in regard to the problems of constructive internationalism and world reconstruction.

1932 Exterritoriality is abolished by China. It is questionable however if this abolition is likely to be accepted by the Powers at any rate in its entirety. Perhaps we are encountering here another declaration of Young China's pious wish in this regard. Among the many *versuses* that constitute the economic and political polarities in the Chinese complex of today none is more profound and fundamental than the problems of constitutional and legal reforms *vs* extra-territoriality. Since 1919 Young China has been challenging extra-territoriality on points like the following:

1. Different decisions may be given on the same facts by the consular courts of different nationalities.

2. The witnesses and plaintiffs of another nationality can neither be punished for perjury nor committed for contempt of court.

3. A foreigner who commits a crime in the *mofussil* (rural

neas) must be tried by the nearest consul who however may be thousands of miles away and to whom all evidence must be transmitted

Imp The extent of judicial sovereignty enjoyed in China by the foreign powers may be gauged by reference to some of the items in regard to judicial trials. Appeals from the United States Court for China established in 1906 can go to the U.S. Circuit Court of Appeals at San Francisco and finally to the Supreme Court of the U.S. Persons condemned to imprisonment for more than three months are usually sent to prisons in the American dependency the Philippines or may even be transferred to American federal prisons.

The supreme court of appeal for serious cases in the case of France is located in Indo China a French dependency. In certain instances the highest court is really the Court of Cassation in Paris.

As regards Italy's jurisdiction the situation may be grasped from the following fact. Only courts sitting in Italy are authorized to have jurisdiction over cases of adoption or legitimation or to transactions respecting Italian land.

So far as Japan is concerned the highest courts of appeal from the consular courts in China are to be found in Korea and Formosa the Japanese dependencies. The District Court or Court of Appeal of Nagasaki in Japan possesses the highest jurisdiction in certain cases. Prisoners sentenced for comparatively long terms are sent to prison in Japan.

Coming nearer home we find that the consular district of Kashgar is judicially treated as a district of the Punjab. The highest Court of the Punjab is the highest Court of appeal from the consular court. Offenders may be sent to Lahore for trial

and convicts may be imprisoned in the Punjab. It is the Chief Court of the Punjab that hears appeals in civil cases. The Indian Code of Criminal Procedure, the Indian Civil Code and other laws of British India are applied in Kashgar. For other parts of China, the Chief Justice or other Judge of the Supreme Court of Hongkong in British China possesses a place in the highest tribunal, the Full Court. Finally, there is the Judicial Committee of the Privy Council. Criminals may be sent to Hongkong or elsewhere to serve sentences.

In regard to situations like the above writings and writers on China are legion. And much sentimentalism as well as chauvinism are associated with the subject of extra territoriality. But the two volumes of Keeton's *Development of Extra territoriality in China* (London, 1928) belong to a class apart. We are here presented with a story that seeks to wring out of the vast mass of historical materials as much of the objective stuff as possible in order to lay bare the foundations not only of extra territorial phenomena in China, but in a sense the very logic of extra territorialism itself.

Keeton's attitude is perfectly frank. In his system of international law the spade is only a spade. We are told that those states of non European civilization which are not members of the family of nations can possess neither rights nor obligations properly within the sphere of international law. A civilized state has stronger grounds for exercising protection and therefore jurisdiction over its subjects within the territory of such states. And the exercise of such jurisdiction is a limitation of the sovereignty of the territorial power.

(Such states belong in Keeton's judgment to the same category as the unappropriated sea and land not belonging to

any community so far possessed of civilization that its territorial jurisdiction can be recognised", as described by Hall. Keeton endorses the view that in such places "persons belonging to a state community are in the same position as if on the soil of their own state")

This view of the law of nations certainly is not likely to be palatable to the members of non-European civilization. But they will have to swallow it in so far as they happen to be "positive" in their juridical outlook. And Keeton is careful enough to indicate his positivism quite precisely. There is hardly any absence of perspicuity, for instance, in the dictum enunciated by him. The test in international law of "civilization," says he, is not any vague phrase as "standard of culture or the like, but a territorial jurisdiction that can be recognized" (Hall's phrase)—recognized, that is, as commented on by himself, by the powers who are the subjects of international law. (*Infra*, p. 269).

This sort of positivism is brutally sincere and might have been a mere camouflage for championing the *status quo* in the international complex, were it not for the fact that the "milk of human kindness" is in the present instance furnished by a sense of the dynamic in human affairs. Keeton has eyes keen enough to see and make it clear that even China has moved and has been moving on. He can therefore pronounce a judgment like the following:

"While at the present time there is no objection to administering Chinese law in extra-territorial courts, it would have been morally wrong to do so and impossible to attempt to do so, last century."

Positivists in law, as students of facts and factual changes, do not indeed study their history altogether in vain. Even the

lumber of original documents can furnish them, as it has done Keeton, with a somewhat progressive spirit in the interpretation of relations between the nations

That the "modern courts" of China are on the whole working satisfactorily is noted by him. He likewise knows the "modern prisons" to be "on the whole satisfactory". Accordingly he feels justified in suggesting that "modern Chinese courts might well be established immediately in the treaty-ports". These courts are to be "presided over by Chinese and foreign (non-consular) judges jointly, for the purpose of administering the new Chinese codes in all mixed suits affecting Chinese and foreigners, irrespective of the defendant's nationality."

Student of positive law as he is, he cannot afford to mince matters. He therefore does not attempt to hide the fact that limitation of sovereignty is involved in the facts of extra-territoriality.

His position is identical with that of Heyking in "*Das Problem der Exterritorialität in Afrika und Asien*" in *Weltwirtschaftliches Archiv* (Jena, 1926, Vol. I). There is no question of "legal fiction" in the exclusion of the consul and his nationals from the *territorialen Gebietshoheit* (territorial sovereignty). The consular jurisdictions constitute *tatsächlich das Gebiet einer fremden Staatshoheit* (in reality the territory of a foreign state-authority) and function in co-operation with the local authority on the basis of terms established by contract. The privileges of extra-territoriality are to be found neither in "natural law" nor a *priori* in the "ideas" but *auf positives Recht und zwischenstaatliches Gewohnheitsrecht* (in positive law and customary usages established between states).

The limitation of sovereignty is to be recorded by positivists

only as a fact. So Keeton does not sentimentalize over it. And of course he is not prepared to make propaganda in behalf of the relinquishment of extra-territoriality. He would trust to the history of today and to-morrow to adjust the claims between these two forces. Let a new situation consisting in actual accomplishments, political, constitutional and legal, arise in China, thus he would seem to assert, and the extra-territoriality issues will be relegated to their proper sphere in the historical evolution of the past, as in the case of Japan.

For the present, the world has only to remember perhaps the dictum of Heyking that *cessante ratione die Exterritorialität ihre Existenzberechtigung verlieren muss* (In case the reasons disappear, extra-territoriality must lose its justification).

To the positive-minded jurist the few streaks of silver lining in the juridical situation of present-day China serve but to make the darkness visible. And Keeton's analysis seeks to exhibit the tons of medieval survivals by the side of ounces or even grains of achievements in modernism. We are asked to remember facts like the following.

(There is only one modern court of first instance for nearly four millions and a half of population. There are only 1,293 trained judges in China. Their salaries are inadequate and payments irregular. Many of the provincial judges depend entirely on Court fees. Unhygienic conditions prevail in prisons, resulting in epidemics among prisoners. For lack of funds, prisoners sometimes go without food and die in consequence of many such abuses.

Obviously, says Keeton, the rights of the citizens are inadequately protected when the magistrate can create new offences and inflict punishments therefore at his discretion. It does not need a special pleading to be convinced of the danger in the

regulation that all persons in military and naval services are subject to the jurisdiction of military and naval courts for all and not merely military or naval offences. Administrative officials have encroached on the power of the legislature and the judiciary. The central government has failed to enforce general acceptance of its legal reforms. Justice is very often "dispensed to the highest bidder", as a medical missionary of Shantung observes from an experience of twenty magistrates in two years. On the strength of the *China Weekly Review* for June 19, 1926, Keeton states that in Northern Kiangsu things are no better now than they have been for the past 2,000 years, "civil cases are decided on a "financial basis", "execution by cutting slowly to pieces still prevails", "bribery is exceedingly common", etc.)

Even such a distinguished republican and patriot as Tang Shao-yi, an ex-premier of China, writes in January, 1926, in a number of the *North China Daily News* as follows: "In China, unfortunately, a system has come into existence of certain individuals regarding themselves as superior to the courts * * *. During the Republic, judges and judicial officers have been known to accept bribes. There is only one solution to that and it is that bribery should be made a capital offence for both the bribe-giver and bribe-taker."

During the period of the boycott against Great Britain at Canton (1925), legislative, administrative and judicial powers were usurped by the labour unions. Many provincial authorities defy the central government and promulgate their own laws.

The *South China Morning Post* (October 23, 1926) reports that at an execution of three men at Tientsin three strokes were necessary for the first man, and a desperate struggle ensued, and the second prisoner was decapitated after several efforts.

The progress of China in laws and law courts is of course seen by Keeton through the eyes of the Extra-territoriality Commission. And it is that Commission's *Report* published in 1926 that forms the basis of the detailed studies relating to the juridical institutions of modern China as they are and as they have been growing to be under pressure of the world forces. Even as late as 1880 China stoutly refused to admit the necessity of reorganizing her legal system. It was after the abortive rising of the Boxers that the Chinese government began seriously to realize the importance of juridical reorganization and appointed a Commission to prepare a number of codes adapted to modern conditions. And Great Britain promised in 1902 the United States in 1903 and Japan in the same year that they would relinquish the extra-territorial rights when they were satisfied that the reorganization and modernization of laws and law courts were substantial enough to justify this relinquishment.

By 1907 i.e. several years before the expulsion of the Manchus the beginnings of a new system of codes and tribunals were laid. And in 1919 at the Versailles Peace Conference the Chinese representatives were in a position to declare that China has adopted a modern constitution, prepared five codes of which the Provisional Criminal Code and portion of the Law of Procedure are provisionally in force, established three grades of courts, separated the civil from the criminal law, instituted public trials and introduced other reforms. The same statements were repeated elaborately at the Washington Conference of 1922 convened by eight powers to discuss among other things the Pacific and the Far Eastern questions in connection with the limitation of armament. But the validity and importance of these juridical reforms were questioned both at Paris and at Washington. And

the International Commission on Extra-territoriality established by the Washington Conference finds the new laws and courts still inadequate. Keeton also concludes that it is "at present impossible to renounce that special protection of foreigners which is implied by the term extra-territoriality," although he is prepared to concede, as we have seen above, that an experiment may be instituted with modern Chinese courts in treaty-ports under Chinese and foreign judges for the administration of the new Chinese Codes.

Keeton has on the whole issued another powerful challenge to Young China's idealists. Their statesmen and jurists are called upon to demonstrate, in the only manner that is likely to be convincing to the Powers, that the actual developments in China have already reached the level of legal consummations in Japan on the eve and during the period of the abolition of extra-territoriality in that country, or, in other words, to use a societal equation, that

China (1932) = Japan (1899-1911).

1932. William Hocking, America *The Spirit of World Politics* (New-York)

Hocking's political philosophy is hostile to all sorts of determinism, economic or otherwise, according to which the affairs of the world are hopelessly at the mercy of the conflict of interests. In the second place, it rules out of order all pragmatic systems of thought such as consider morals and manners to be merely relative to time and place. On the other hand, Hocking has profound faith in the possibility of an ethical understanding among men and of a well-founded international law. And finally, Hocking's philosophy of politics condemns the conception that government is independent of ethics and general culture.

In regard to the "capitulations" and extraterritoriality clauses of treaties obtaining at one time or other in Turkey, Japan, Siam and China, Hocking doubts whether the West could say that these measures had not been habitually used to protect Western criminals in oriental trade from receiving the punishments which oriental law would have given them. (See, *Supra*, p. 263).

The differences between the East and the West, in so far as they exist, are simply the contrasts between today and yesterday in Europe. Hocking is convinced that in many of its most striking peculiarities the Orient is nothing but medieval West exhibiting the features of European feudalism.

Hocking propagates the philosophy which can recognize the common, universal, necessary element in our human standards of judgment. This is according to him the only philosophy which can sustain any international understanding or undertaking or law. He would accordingly abolish the idle, self-indulgent and sinister superstition that the point of view of the Oriental is wholly different from that of the Westerner.¹²

The aim of Hocking's political speculation consists in disentangling the right from the wrong in the theory of self-determination and in the policy of expansion which curbs it. This he considers to be the most pressing problem of the present world-order. Illustrations are offered from the situation created in the Near East on account of the "new impulse of self-propagation" with which the West has been seized.

According to Hocking the "independent voter" is not much in evidence in rural Egypt. But he is careful enough to point

¹² See the present author's *Futurism of Young Asia* (Berlin 1922), pp. 21-22.

out at once that the independent voter is not in evidence elsewhere on the planet either. As parliamentarian the Egyptian seems much like other parliamentarians and partisans.

Hocking does not accept the proposition that moral strength is a problem of climate or that a particular social habit is a racial quality fixed in the blood. No matter what be the climate and what the race he is therefore convinced about Egypt's capacity for self government.

The philosopher abroad has produced a book of travels. It is descriptive, factual, realistic and historical. Interpretations of facts and comments as well as criticisms of opinions entertained by others constitute an important feature of this travel book.

(Every state is conceived by Hocking as being an experiment in living. The histories of state governments are histories of individual experiments in living which have their own continuity. And since no one of these can substitute for any other it follows that the ideal of a single all inclusive world state is a false ideal.)

How many nation states should there be? asks Hocking.

At least as many as there are significantly different experiments in living is the answer. The presence of a marked and significant uniqueness of character is the only justification for a new nation state in this philosophy.

Hocking is a mystic in his conception of nationality. Community of life and of conscience as understood by Vico in 1725 is accepted by Hocking as the substantive national fact. But his positivism is no less marked. According to Hocking nations are not everlasting but makeable.¹² He considers that race which

13 See the discussion on the positive theory of nation making

is an element in the nation is also a highly plastic factor. The race is as much in effect as it is a cause and can be brought about by time place and common history. Among the agencies by which any human ingredients can be made into a nation is the state

Weltbürgertum or world citizenship such as Kant foresaw in *Zum ewigen Frieden* (Towards Eternal Peace 1795) is considered to be a reality at the present moment (But human beings continue to think *regionally*. The vast increase in internationalism has failed to obliterate but simply confirmed the separateness of nations.) One of Hocking's postulates is thus worded:

Under normal circumstances we should not require any nation to show cause why it should be free. The tragedy or rather irony of a subject race in world politics is described as follows:

When subjugation is a *fait accompli* and you appear to have placed upon the subject people the burden of proving itself fit for independence it is easy to set up a wholly rational list of conditions to be fulfilled—in examination such as the examiner himself might find it a tight squeeze to pass. He does not believe that there can be stable equilibrium in the world until the nation and the free state coincide.

(Hocking's realism is of a robust type. His philosophical analysis is objective enough to recognize that contemporary statecraft is full of inventions. Some of these are to be found in the available alternatives to independence. Partial sovereignty is a reality of today and this also admits of innumerable shades. The moderate idea is according to him radically different from the colonial idea.)

in the present author's *Politics of Boundaries* Vol. I (Calcutta 1926 second edition 1938) pp. 11-18

In the case of the mandates the sovereignty belongs not to the mandatory powers but to "civilization as a whole". In the mandate of Syria, for instance, it is the "West in general" that is present as agents of civilization, and France is but a representative of these agents. All the same, Syria has been converted into a veritable French colony, as he believes. And in his judgment "the level of civilization in Syria is far too high to have imposed upon it, at this date in the world's history, an undesired European servitude". The revolt of Syria, therefore, he considers to be "wholly justified".¹¹

SECTION 2.

The Triangle Germany-Italy-Japan vis-à-vis the Russo-French United Front (1933-39)

1933, January-February The Hitler-state is established in Germany. National-socialism is triumphant as a party.¹

1933 Japan is dissatisfied with the League of Nations on account of the latter's interference in the Sino-Japanese disputes and the report as well as recommendations concerning the settlement of the problem. She virtually withdraws her membership in March 1933 and effectively in March 1935. The failure of the League Commission (Lytton) to recognize the military action taken by Japan in September 1931 as an act of self-defence is highly resented in Japan.² (*Supra*, pp. 228-229)

14 For Hocking's political ideas see also *Pol. Phil.*, Vol. II Part I, pp. 28, 29, 31, 34, 90, 224-225 and Part III, pp. 11-14, 20-26, 207-209, 211.

1 *Pol. Phil.*, Vol. II Part I (1942) pp. 118-148.

2 *The Japan Year Book 1936* (Tokyo), pp. 194, 195, 212, 213.

1933. The Non-Recognition of a New State. According to Chesney Hill in *International Conciliation* (New York), an outstanding development in the field of international relations during the years 1932 and 1933 has been the adoption, development and application of various policies of non-recognition. The policies have now been defined with sufficient clarity to permit analysis, and a period of time has elapsed since the statement of the policies of non-recognition which makes possible tentative conclusions regarding the effects of the policies.

The chief application of a policy of non-recognition has been the non-recognition of the "situation" of Manchoukuo, that is, the non-recognition of a new state (The following questions arise (1) is a state entitled under international law to refuse to recognize a new state, (2) what are the legal consequences of non-recognition of a new state, and (3) what are the incidental consequences of non-recognition of a new state?)

A state is under no obligation by international law to recognize a new state. Therefore, the policy of non-recognition of a state brought about by means contrary to the Pact of Paris is compatible with existing international law. Recognition of a state is an act by which a state signifies the intention to conduct relations with another state on the basis of the rights and obligations established by international law. The policy of non-recognition of a state signifies, therefore, that a state does not consider itself obliged to deal with the new state on the basis of the rights and obligations established by international law.

The courts usually follow the executive regarding the recognition of a new state. The courts of different states have taken different views of the legal consequences of non-recognition of a new state. In general, however, they apply the following

rules when a new state has not been recognized by the executive (The new state cannot sue as a plaintiff It may be sued as defendant Contracts made with the unrecognized state are void Acts tending to favour rebellion of the new state against the parent state are illegal Agents of the unrecognized state do not enjoy immunity for acts accomplished in the exercise of their functions Goods of the state are not immune from seizure Account need not be taken of acts of administrative authorities of the state as regards physical or moral persons or as regards acts relative to property such as confiscations on land or sea The law of the parent state at the time the revolution occurs is considered to remain in force The parent state continues to be recognized in its original limits Inhabitants of the new state retain the nationality of the parent state)

Although the two states may exchange views through unofficial representatives or by other methods (normal diplomatic representation is lacking The two states are unable to define rights and obligations by treaty The new state may be prevented from acceding to important international conventions)

As a result of these legal consequences of non recognition of a new state the state and its nationals may be affected considerably (The extent to which non recognition of a new state affects the parties depends upon many factors for example the number of states adopting the policy the degree in which the new state is dependent upon military financial or diplomatic support of other states the amount of support supplied by states which have recognized the new state etc The injury to the state applying the policy of non recognition and the injury to its nationals will depend in part upon the attitude taken by the new state Non recognition may have psychological as well as

legal effects. It may discourage the new state, and encourage the parent state to continue to struggle to subdue the province in revolt.) The conclusion is obvious that generalizations upon the effects of non-recognition of a new state, without reference to the circumstances of concrete cases, have little value.

1933 The USA under President Franklin Roosevelt recognises the Soviet regime in Russia (1933) thus changing entirely the policy of President Hoover.³ The Hooverian idea of an unwritten Anglo-American alliance has likewise been discouraged at the Economic Conference (London 1933) by Roosevelt who feels that an eventual "Anglo-American bloc" can but excite anti-American feeling in France, Italy, Russia and, last but not least, Japan. At the Disarmament Conference held at Geneva in 1934 Roosevelt's policy is given out as follows: "The US will not participate in European political negotiations and settlements and will not make any commitment whatever to use its armed forces for the settlement of any dispute anywhere."

1933 The *Petite Entente*, comprising as it does Czechoslovakia, Rumania and Jugoslavia (since 1920), is now solidified as in "alliance".

1933 The Soviet State and the Problem of Disarmament.⁴

On the 9th of September, 1927, Stalin talked with a delegation of American workmen. Answering a question in respect of possible forms of economic collaboration between the U.S.S.R. and other countries, Stalin said, "We are following a policy of peace and we are ready to join in an agreement on disarmament going as far as the complete abolition of permanent armies as

3 T. N. Das *Foreign Policy in the Far East* (New York 1936), pp. 221-225.

4 *International Conciliation*, New York.

we stated before the world at the Conference at Genoa (1922)". On the 5th of August, 1928, Tchitcherin, Commissar of the People for Foreign Affairs, said to representatives of the press, "The fundamental object of Soviet international policy is the maintenance of peace. The proposition of our Government in respect to disarmament is a clear manifestation of that policy".

In an address on the 19th of December, 1928, Litvinov, now Commissar of Foreign Affairs, said, "We are following this policy of peace not because of our weakness nor because of a feeling of sentimental pacifism, but because it is inherent in the very nature of the Soviet policy, because it corresponds to the interest of the masses of workers of the whole world".

On the 4th of December, 1929, Litvinov in a speech at the Central Executive Committee of the U.S.S.R. explained the foreign policy of the country: "The basis of that policy today, as twelve years ago when the Soviet State was born, is the defence of the accomplishments of the revolution of October against foreign aggression, the intention to guarantee peaceful conditions for the development at home of socialism and to preserve the workers of the world from the horrors and the burden of war. The Five-Year Plan is an additional and entirely objective evidence of our pacific tendencies. We want peace to carry it through".

Since then the U.S.S.R. has carried out its first Five-Year Plan of socialistic reconstruction and is going ahead with the second. The principles of this plan were explained at the last session of the Central Executive Committee of the Union by the President of the Council of Commissars of the People, Molotov. In that portion of his speech of the 23rd of January, 1933, which he devoted to the international relations of the U.S.S.R.

Molotov emphasized "the special attention and the peculiar sensitiveness" manifested by the U.S.S.R. on questions of peace and disarmament. After mentioning the efforts of the U.S.S.R. at the Conference of Genoa, and especially its propositions in February, 1932, the chief of the Soviet Government concluded "In this proposal of the Soviet delegation was contained the expression of the aspiration toward universal peace not only on the part of the peoples of the Union but also of the peoples of other countries."

A last question is that of the practical value of the steady pressure of peace of the U.S.S.R. during the fifteen years of its "militant pacifism." The best answer to this question was given by Litvinov in his address on the 10th of December, 1928 "The Government of the Soviets has rendered great services to the cause of peace since, thanks to its initiative, the problem of general and complete disarmament has been placed before the world for the first time. Although the problem has not been solved as yet, the fact that it has been clearly stated will stimulate enormously both the will for peace of the peoples and their efforts to assure it."

1933, October. Germany withdraws from the League of Nations.

1934 Foreigners in France. The presence of a foreign population of 2 million workers in France not unnaturally raises a multitude of problems of unusual complexity and extent. These touch on every aspect of human life, individual and social, intellectual and moral, since the immigrant is not only a "commodity", an economic force, but an individual with all consequent human potentialities.

That immigration brings France very substantial economic

advantages is shown by the part played by foreign workers in production, says Mauco in the *International Labour Review*. Since the war they have formed about 7 per cent of the occupied population of France, with proportions of 34 per cent in the extractive and building industries. Moreover, thanks to its capacity for adjustment to the economic situation, organized immigration lends great flexibility to the labour market, both by relieving it during periods of depression and by providing it, through intensified recruiting, with the extra labour required during periods of prosperity. Immigration provides France with ready-made workers trained for production. Reckoning that the upbringing and education of a man of working age cost the community 20,000 francs (Re = 55 francs approximately), immigration has endowed France with the enormous capital—and an eminently productive capital—of 40 milliard francs in the persons of the 2 million foreign workers now in the country. This is all clear profit, especially as immigration usually attracts the younger and more enterprising individuals, those whose energy and efficiency are in their prime.

Immigration brings to a France aged by lessened numbers of her younger generations not only physical strength and the energy of youth, but also fresh knowledge and sometimes a modest capital. The agricultural settlers in the region of Aquitaine, for instance, have invested a capital of 150 to 200 million francs in their holdings. Foreign labour increases the efficiency of under-populated France. When a country or an undertaking increases its population or its staff, its *per capita* general expenses and costs of production are reduced. Immigration extends the home market for the immigrant is not only a producer but a consumer. This does not mean, as is only too commonly believ-

ed, that the entry of foreign workers reduces the share of wealth of every member of the community. Wealth is not given, it has to be made, it is not static but dynamic. This is particularly true under the industrial regime in which, thanks to scientific progress man is more a producer than a consumer, and still more so in the case of the foreign worker, who, coming from the poorer classes, is accustomed to a simple life and consumes much less than he produces. By increasing the density of the population immigration also increases the profits on trade and transport and leads to some reduction in the individual burden of taxation and even of national defence. Immigration may also assist the development of colonial possessions, either directly by providing workers for the colonies, or by enabling French workers to go there. And it should not be forgotten that immigration has also helped to rescue French agriculture from a shortage of labour, less perhaps by the number of workers it has provided for agriculture itself than by those supplied to industry, which has thus been spared the necessity of drawing on the agricultural population.

At the same time, immigration is also attended by serious economic drawbacks. In the first place, the immigrants send their savings out of the country, it is estimated that 2 ½ milliard francs leave France every year to enrich the countries of emigration. Secondly, immigration places the whole economy of the country in a position of dependency. The volume of foreign labour is such that to a certain extent it governs the economic activity of France, in some branches, notably agriculture, mining and building, whole regions, such as the Eastern (Lorraine), the Northern and the Mediterranean areas, would be paralyzed if the supply of foreign labour were cut off. What would become of

the activity of Marseilles and its port without its 125,000 Italian workers, of the Lorraine mines without 80 per cent of their labour and the coal mines without 50 per cent of their miners? The countries of emigration have here a powerful means of bringing pressure to bear on France. Some of them have on occasion demanded very high wages for their nationals, in the hope of thus placing such heavy charges on industry as to reduce its powers of competition. Immigration, and in particular organized immigration, also places a heavy financial burden on France. The average cost of bringing a worker from Central Europe is 600 francs, and as breaches of contract are fairly frequent, certain large undertakings incur an annual expenditure of 100,000 to 120,000 francs for the recruiting and settlement of their foreign staff. Moreover, the foreign workers are often inexperienced and without stability. Their inexperience entails a period of training which is rendered more difficult by the difference in customs and language, and usually results in an appreciable increase in industrial accidents. Finally, immigration may aggravate unemployment, if only owing to the almost inevitable lag between the appearance of the first signs of economic depression and the curtailment of immigration, while the entry of a great many foreign workers during a period of prosperity may help to encourage too rapid expansion and thus to increase the severity of the subsequent depression. It is also possible that by artificially encouraging industrial expansion through its supply of foreign labour an uninterrupted flow of immigration may tend to push it beyond the capacities of the French people themselves.

1934 Afghanistan is admitted to the League of Nations as a member.

1934 Lanka Sundaram on Indians in South-East Asia." The rubber plantations, tin mines, and teak forests of British Malaya, Siam and French Indo-China thrive on the sweat of several hundred thousand working men from South India. Among the bankers and merchants of these countries are to be found the Mussalmans of Kaulal and other South Indian ports, the Chettius of Madras as well as the Sindhis and Bohras of Bombay and Ahmedabad. These regions of South-East Asia have been developing an anti-Indian movement. Indian workmen and employers are being treated as foreign exploiters. The expulsion of four Chettian bankers from Indo-China (1932) is an instance in point. The *loi asiatique étrangère* (Foreign Asiatic Act) of Indo-China works severely against the Indian settlers. A number of Punjabis is employed in these countries in police service. In clerical service are found South Indians. As there are several hundred thousand Indians settled in these parts of South-East Asia comprising Sumatra, Java and other islands of Indonesia it is desirable to establish direct contacts of the Government of India with the Dutch, Siamese and French Governments. (See his *Indians Overseas*, Madras, 1933).

1934-36 Japan's trade with the Dutch Indies (Indonesia) is the subject of several conferences between her and the Netherlands. Dutch industrialists are taking the help of the state in order to oust Japan from the markets of Indonesia. The conference held at Batavia (June 1934) with the object of amicably settling the relations between the Japanese and the Dutch exporters to Indonesia is adjourned without any result. There is

5 Lecture at the "Antaryatik Banga" Parishat ("International Bengal" Institute), Calcutta, 3 June 1934

keen competition in freight between the Dutch and the Japanese shipping lines. Cargo conferences are held at Kobe in 1934 and 1935 in order to straighten the situation but prove abortive. The Dutch Government then issues ordinances restricting Japanese imports and shipping. Finally, in June 1936 a somewhat satisfactory shipping agreement is entered into between Holland and Japan. Japanese liners are thereby enabled to ship 64 per cent of exports and 60 per cent of imports.

While Japan and Holland are fighting over the hegemony in the Indonesian market the Indonesians are orientating themselves as much against the one as against the other industrial power. The nationalists of Indonesia are up and doing to promote their industrialization and capitalism under Indonesian auspices. The nationalist economics of the Indian *swadeshi* movement and its anti-alien ideologies are therefore reflected in the economic policies and theories of Indonesian patriots.⁶

1934. Transcending the Limitation of Territories

The new societal science which derives its sustenance as much from anthropogeography and technocracy as from demography, economics, politics and current history has been steadily growing in Germany for the last half a generation or so. It is called *Geopolitik* (Geopolitics) and is to be credited to the scientific investigations of the student of races and race development, Karl Haushofer. His monthly journal, *Zeitschrift für Geopolitik*, has been functioning as the regular organ of geopolitical ideas

6 *The Japan Year Book 1936* (Tokyo), pp 200-201. For Indonesian antipathy to Japanese expansion in the Dutch Indies see "*Industrialisatie en Indonesia*" and to Dutch expansion S Moewalladi "*De Economische Samenwerking tusschen Nederland en Indonesia*" in *Indonesia* (Leiden) May and September 1938.

and has succeeded in drawing to itself a large number of scholars interested in the remaking of peoples and race reconstruction.

A symposium on the methods and problems of this new science in which the economist is so much interested is the ethnologist is available in *Raumüberwindende Mächte* (Space transcending Powers) edited by Haushofer (Leipzig 1934). This is the third volume of a series of works entitled *Macht und Erde* (Power and the Earth) under Haushofer's charge. (The first volume is a new edition of Kjellen's *The Great Powers before and after the World War*. The second volume deals with men and things that lie *Jenseits der Grossmächte* (On the Other Side of Great Powers). *Supra* pp. 254-256.)

The third or the present volume deals with those forces that go to overpower or conquer space. In this publication the Earth is space for life is discussed by Maul (Graz Austria). The relations of men to space form the subject of Hesch's study. Haushofer himself deals with the problems of state space self-determination as well as the sphere of culture and cultural crossings. The world relations have attracted the attention of Obethummer (Vienna) and world view in relation to space that of Wust. Keyserlingk describes the international movements and Schmidt-Rohr the linguistic questions as factors in the conquest of space. Economy is bound to region and as transcending it has been analyzed by Wiedenfeld while Sapper focuses the attention on transportation as an agent in space transformation. Obst has a contribution on the problems of colonial expansion and the right to self-assertion.)

From this brief survey one can obtain a somewhat precise idea of the scope of *Geopolitik*. We understand that the problems of life *vis à vis* virtually every force physical and moral as

well as inter racial technical and spiritual in one word the interests of entire man as a growing and struggling being are being objectively studied by this group of researchers in association with Haushofer. The Leitmotif is the making of the world

According to Wust a world view such as can actually transcend the limitations of space is impossible both as a concept and as a fact. The so called higher unit which is alleged to be established by the break up of a previous world view of a different character through assimilation absorption transformation etc is very questionable and in the long run is liable to disruption. It is impossible to emancipate the world view from its space limitations. The attempts to establish artificial world languages e.g. Esperanto Ido Novial Volapuck have not been able to advance beyond their crude beginnings. Coude nove Kaleigs Pan European movement is like the League of Nations idea a still born phenomenon. The abolition of the Caliphate by Kemal Pasha is but the last item in an inevitable development namely the disappearance of Pan Islam unattainable as it is. By enunciating the doctrine that every world view is by nature nothing but national or territorial although it can to a certain extent transform the space and even transcend it Wust has exposed the philosophical bankruptcy of internationalism as a socio political cult.

The other papers are like that of Wust's critical surveys of extra territorialism in culture. It is demonstrated that neither religion nor art nor language nor technocracy nor economic developments nor colonialism nor imperialism can in the last analysis lead to the genuine transcending of space or region. All the so called international or internationalizing endeavours are essentially *raumgebunden* (space limited and space conditioned).

There is no mysticism or metaphysics in Haushofer's social philosophy. In the midst of all internationalizing ideologies his geopolitics teaches the world to remain awake to the one great reality of life, namely, that it is nothing but nationalism that rules mankind and that the eternal problem of today is, as our *Mahabharata* has taught for all ages, to study the science and art of *Macht*, i.e. *shakti* or power. In geopolitics the student of Hindu social theories will thus come across such *dicta* of Somadeva's *Nitivakyamrita* as *na hi kulagata kasyapi bhumih* (nobody's territory is derived from his family) and *virabbhogyasundhara* (it is by the powerful that the Earth can be enjoyed).

In *La Cité Humaine*⁷ (Social Organization) Lasbax describes the law of human history as consisting in nothing but the eternal struggle against death. The possession of peace is assured by him only to those righteous who are strong. Defensive patriotism and collective health measures are treated by him as perfectly natural items in the atmosphere of post-war years adapted as they are to the wars that are coming.

1934. Anti-Japanese movement is strong in the U.S.A. especially in Arizona and California among the farmers. The movement seeks to deprive the Japanese settlers of the right of agriculture. Even those Japanese who have legally entered the U.S.A. are not given equal treatment with the American citizens. This charge of the Japanese against the U.S.A. is to be added to the insult inflicted on "their national honour" by the Federal immigration law of 1924 by which the immigration of Japanese labourers was absolutely forbidden.⁸

⁷ Vol II. (Paris 1927), pp. 352-357.

⁸ See the chapter on "Asia in Americanization" in B. K. Sarkar: *The Sociology of Races, Cultures and Human Progress* (Calcutta, 1939).

Japan is a first-class power and an empire-holder. She has long enjoyed the alliance of the British empire and is at present cultivating intimacy with Germany. Japanese military-naval victories over Russia (1904-05) are, besides, epoch-making events. In spite of all this Japanese immigrants are treated by the U.S.A. as mere Orientals or non-whites like the Chinese and the Indians. Ethnocentrism is a most powerful force in American politics and law. Indians and Chinese may submit to such atrocious race chauvinism of the U.S. But Japan is likely to take it as a *casus belli*. America is perhaps provoking Japan to a war against albinocracy. It is under Japanese auspices that "de-albinization" can be consummated in world-politics.

1934. British Malaya. The Standing Emigration Committee of the Indian Legislature discusses the memorandum on the question of resumption of non-recruited but "assisted" emigration from South India to Malaya. The views of the Madras Government on this question are accepted by the Committee.

The Madras Government have stated that wages in Malaya are somewhat better than in Madras, but the distance from the mother country, the cost of passage to Malaya, the maintenance of a higher standard of living there, the risk of unemployment in a foreign country owing to fluctuating trade conditions, these and similar considerations should be set off against somewhat higher rates obtaining in that country. At the same time the Madras Government suggest, firstly, that every applicant for assistance to emigrate should produce a certificate from the local magistrate or get his application endorsed by his village munsiff or headman if the application is made at the port of embarkation, secondly, the Agent to the Government of India, in Malaya, should supply direct to protectors at ports once every fortnight

or once a month upto the date information as to actual conditions in Malaya in respect of money rates and real wages and of the likelihood of continued employment.

In the opinion of the Government of India Agent in Malaya the position as regards the demand for labour would be clearer if and when the scheme for restriction of rubber production is introduced. According to him the standard of wages should be fixed for morning work only and a separate rate per hour should be fixed for afternoon work. Further, a definite provision should be made to prevent over-supply of labour.

1935 Harry Baines *History of Western Civilization* (New-York). The "war aims" of the Entente as well as the rhetoric of President Wilson in their favour were mostly false and misleading. The real forces behind the policy of the Allies were the most sordid and selfish plans of unscrupulous diplomats, foreign ministers and international bankers. Cf. A. Ponsonby: *Falsehood in War-Time* (1929), M. A. Cochran *Germany Not Guilty in 1914* (1931). The post-war treaties,—Versailles, St. Germain, Trianon, Neuilly and Sèvres,—were in direct opposition to the idealism and pious wishes of Wilson. The secret treaties were all preserved in the final settlement which was based on the postulate that Germany was exclusively responsible and guilty for the war (Art. 231). In 1919 Germany was treated as a world-criminal by the Allies at Versailles. The terms of submission were as vindictive as possible.

The Versailles system lasted from 1919 to 1931. But during this period it was undermined by the discovery of fresh facts of the pre-war period. New explanations were impartially offered

9 Vol II pp 581-582, 591-592, 606-607, also Baines *World Politics in Modern Civilization* (New York, 1930)

relating to the genesis of and the responsibility of the world war Cf G P Gooch *Recent Revelations of European Diplomacy*¹⁰ Besides Germany could not be kept indefinitely under the heels of the Allies. The reparations and war debts were much too heavy legacies of the war from which the victors were suffering no less than the vanquished (The world economic depression (1929-30) was directly connected with the international finance of the post war years. The iniquities of the Versailles system came finally to be realized by the victors. The reparations moratorium of 1931 was the first indication that Versailles could not be maintained any longer.)

It is worth while to note that according to Brunes the most directly responsible and guilty for the Great War were Serbia, France and Russia. Then came Austria's part—much below France's and Russia's. Finally we should place England and Germany in the order named.

1935 March Germany occupies the Saar region after the plebiscite of January.

1935 March Germany commences rearmament in defiance of Versailles.

1935 March Japan withdraws from the League of Nations.

1935 Bolshevism Through Nazi Eyes

A part of Adolf Hitler's speech delivered in the Reichstag on May 21, 1935 reads as follows:

Germany today is a national socialist state. The ideas by

¹⁰ *British Official Documents on the Origin of the War 1898-1914* ed. by G P Gooch and Temperley (London 1916-37) 11 volumes. See Vol. XI No. 448 S B Fiv. *The Origins of the World War* (New York 1918) 2 Vols.

which we are governed are diametrically opposed to those of Soviet Russia. National Socialism is a doctrine which applies exclusively to the German people. Bolshevism lays emphasis on its international mission.

We National Socialists believe that in the long run man can be happy only in his own nation. We live in the belief that the happiness and the achievements of Europe are indissolubly connected with the existence of a system of free, independent national states. Bolshevism preaches the constitution of a world empire and only recognizes sections of a central International.

We National Socialists recognize that every people has the right to its own inner life according to its own needs and character. Bolshevism on the other hand sets up doctrinaire theories, to be accepted by all nations, without regard for their particular character, disposition and traditions.

National Socialism strives to solve social problems, together with questions and conflicts in its own nation, by methods which are compatible with our general human, spiritual, cultural and economic ideas, traditions and circumstances.

Bolshevism preaches an international class conflict and the carrying out of a world revolution by means of terror and force.

National Socialism aims at bridging over and equalizing unfavourable contrasts in social life, and in uniting the whole population in collaborative work.

Bolshevism teaches the overthrow of the rule of one class by means of a forcible dictatorship on the part of another class.

National Socialism places no value upon a purely theoretical rule of the working class, but lays all the more value on the practical improvement of their conditions of life and way of living.

Bolshevism fights for a theory and to this theory it sacrifices millions of human beings and incalculable cultural and traditional values. In comparison with ourselves it achieves only a very low general standard of living

As National Socialists we are filled with admiration and respect for the great achievements of the past, not only in our own nation but far beyond it. We are happy to belong to the European community of culture which has inspired the modern world to so large an extent

Bolshevism rejects this cultural achievement of humanity and asserts that real culture and human history began with the year in which Marxism was born.

We National Socialists may perhaps not have the same views as our church communities in respect to this or that question of organization. But we never want to see a lack of religion and faith and do not want our churches turned into club-rooms and cinemas.

Bolshevism teaches godlessness and acts accordingly.

We National Socialists see in private property a higher grade of human economic development which regulates the administration of rewards in proportion to the differences in achievement, ✓ but which in general makes possible and guarantees to all the advantages of a higher standard of living.

Bolshevism destroys not only private property but also private initiative and zests for personal responsibility. In this way it has failed to save millions of men from starvation in Russia, the greatest agrarian state in the world.

The results of such a catastrophe in Germany would be inconceivable. In Russia there are 90 people on the land to only

10 living in the cities, whereas in Germany there are only 25 peasants to every 75 town dwellers.

One might go on with all this interminably. Both we Nationalist Socialists and the Bolshevists are convinced that there is a gulf between us which can never be bridged. But moreover there are more than 400 murdered National Socialists between us. Thousands of National Socialists have fallen in other organizations to forestall a Bolshevik revolt. Thousands of soldiers and policemen have been shot and massacred in the fight for the protection of the Reich and the states from the everlasting Communist uprisings, and more than 43,000 members of the National Socialist Party have been wounded. Thousands of them have been either blinded or crippled for life.

In so far as Bolshevism can be considered a purely Russian affair we have no interest in it whatever. Every nation must seek its salvation in its own way. So far as Bolshevism draws Germany in its range, however, we are its deadliest and most fanatical enemies.

The fact is that Bolshevism feels itself to be a world-revolutionary idea and movement, and freely proclaims this. I have here a mere selection of the revolutionary happenings in the last 15 years with which the Bolshevik press, Bolshevik literature, and prominent Bolshevik statesmen and orators openly admit their connection and even boast of it. Here is the selection:

- November, 1918 : Revolution in Austria and Germany.
- March, 1919 : Proletarian Revolution in Hungary. Revolt in Korea.
- April, 1919 : Soviet Revolution in Bavaria.

September 1920	Occupation of Business Premises by the Workers in Italy
March 1921	Uprising of the Proletarian Leaders in Germany
August 1923	Revolutionary Crisis in Germany
December 1924	Insurrection in Estonia
April 1925	Revolt in Morocco
April 1925	Explosion in the Cathedral of Sophia
April 1925	Beginning of the Revolutionary Movement in China
December 1926	Communist Rising in the Dutch East Indies (Java)
July 1927	Revolt in Vienna Extension of the Revolution in China Communist movement among the Negroes in the U S A Agitation by Communist Agents in the Baltic States
1928	Manifestations by Communist Organizations in Spain Portugal Hungary Bolivia Lithuania Finland Estonia Italy Japan and Latvia Communist Revolt in China Communist Agitation in Macedonia Communist Bombs in the Argentine
May 1928	Barricades in Berlin
August 1929	Communist World Day against Imperialism
August 1929	Rising in Colombia
September 1929	Bomb Explosions in Germany
October 1929	Invasion of Manchuria by Bolsheviks from Russia

February 1930	Communist Manifestation in Germany Communist World vs World Day
May 1930	Armed Communist Rising in China
January 1931	Official Revelations about Communism in the United States of America
May 1931	Revolution Breaks out in Spain
August 1931	Communist Business Agencies Unearthed in South America

In these statements of Hitler against communistic theories and activities is manifest in the two hemispheres all bourgeois states are agreed no matter whether they be formally democratic or autocratic. The American British and French empires are in general identified with Nazi Germany in the formulation of charges against Bolshevik Russia. Indeed many of these charges would be appraised by communism and bolshevism as their achievements and genuine contribution to world economy, world politics and world culture. On the ideological plane the antithesis or dichotomy has been exhibited by Hitler in its climax.

1935 May A Pact is concluded between France and Soviet Russia. This combined with the long standing war time Anglo-French Entente reproduces in *Geopolitik* the pre war international grouping (1904-1914). It is questionable however if the alliance between France and Russia can stand a real international crisis. To what extent Russia's help can be depended upon by France and treated as acceptable by Great Britain is a matter for serious considerations in view of the fact that Russia's fundamental interest of international class war is as dangerous in British as in French estimation. (*Supra* p. 289)

A world situation in which the group Germany Italy Japan may find itself in tussle with England France Russia bids fair

also to be a conjuncture in which Russia may see chances for setting up the proletariat against the bourgeoisie *not only in Germany, Italy and Japan* but also in France and England. The danger of an international class-revolution such as belongs to the ideology of Soviet Russia,—somewhat underground, as it is, for the time being,—cannot be lost sight of by France and England, even although they might be tempted to utilize Russian support against Germany-Italy-Japan.

It is not of course precisely known how far Soviet Russia has come down from her radical world-revolutionary ideologies. England and France have but to watch the moderate climb-downs in Russian ideology, and discover the moment at which Soviet Russia is a safe and respectable ally for bourgeois empire-holders and colony-owners.

1935. Czechoslovakia and the Little Entente *vis-à-vis* Germany and France.

Benes, the minister for foreign affairs, speaking in the Czechoslovak Parliament deals with the events which followed the withdrawal of Germany from the League of Nations (October 1933). He says that this step is the culminating point of development so far in Germany's policy, the aim of which since the end of the War has been to secure revision of the treaty of Versailles. On the secession of Germany from the League of Nations the question arose: 'What will happen now?' The situation at the commencement of 1934 was very serious, for the departure of Germany from the League and the crisis in the Disarmament Conference were followed by political difficulties in the international position in France, by an aggravation of the conflict touching the Saar District, and by pessimistic reports on the situation in the Far East.

Against that serious situation, however, a sharp reaction at once set in. Following a resolution by the general Disarmament Commission, France, England, Germany and Italy were invited to attempt to accommodate their standpoints in disarmament questions. The outcome of this initiative was the well-known memoranda (French, German, British and Italian) and the negotiations which followed in the General Commission of the Disarmament Conference. There M. Barthou, the French Foreign Minister, adopted a firm attitude, taking a decided stand against the re-armament of Germany, and reproaching England with failing to do all that she might do in the interest of peace. M. Barthou further demanded that the Conference should immediately set to work on the drafting of new guarantees of security, and at the same time made clear mention of the preparation of regional pacts which in Eastern Europe would signify the strengthening of peace, and would be the main guarantees of security on the basis of which a Disarmament Convention could be concluded. The French thesis was supported by the Little Entente, the members of the Balkan Pact and in particular by Soviet Russia. This standpoint was adopted at Geneva after the French Government had come to agreement with the British and American delegations as to the formulation of the appropriate resolution.

Simultaneously with the negotiations among the Great Powers touching the disarmament memoranda, very significant negotiations are taking place which Benes in the course of his speech calls a development towards a new constellation in Europe. Among these negotiations are the steps taken to assure the independence of Austria menaced as it is by the Nazi activities. There was in particular the declaration of England,

France and Italy of the 18th February 1934 touching the independence of Austria—a declaration which certainly postponed and has permanently lessened the menace of *Anschluss*. The situation at the same time cleared up in several other sectors. In France a Government of national unity was installed which took up a firm and definitive standpoint on the various European questions at issue. Politics in Central and Southeastern Europe developed in a new direction. Since the signing of the Organization Pact of the Little Entente on the 16th of February 1933 that Alliance has strengthened its position in Central Europe, and simultaneously some important changes have occurred in the Balkans, where, on the 9th of February, following a series of diplomatic negotiations and mutual visits by monarchs and diplomats, a Balkan Entente was concluded. Benes is of opinion that the importance of that Entente will be as far-reaching for the further development of Balkan and European relations as was in its day the formation of the Little Entente for Central Europe, for the Balkan Entente signifies putting the principles of "the Balkans for the Balkan nations" into practice. It means the end of the former Balkan chaos, for there will be no war in the Balkans if the rivalries of the Great Powers are absent from that area. In the existing circumstances no local dispute among Balkan states will provoke a European conflict. This new development is in no way in conflict with the so-called Rome Pacts between Italy, Austria and Hungary, for those agreements really represent an endeavour to check the diffusion of National-Socialist ideology in Central Europe, and are a reaction to Germany's withdrawal from Geneva and to the menace to Austrian independence.

The culminating point of this new development towards

consolidated conditions in Europe Benes sees in the new policy pursued by Soviet Russia, a policy resulting from the trend in Germany and from events in the Far East. The return of Russia to the field of European politics (Russo-French Pact, May 1935), is likely to facilitate the creation of real equilibrium among the Great Powers of Europe. If peace can be preserved in Europe there will, in Benes's opinion, be no conflict in the Far East. On these premises arose the idea of an Eastern Pact which is today not merely a subject of discussion but of negotiation. The idea is that the leading countries of the European Continent, and particularly Soviet Russia, Poland, Germany, Czechoslovakia, and perhaps even the Baltic States, should conclude a Pact of Mutual Help against possible attack. France, too, would adhere to this pact in a certain form. Soviet Russia, moreover, would join the League of Nations. Parallel with this Pact there is an idea of forming a Pact of the Mediterranean countries. The adjustment of Czechoslovakia's relations with Soviet Russia issued from the new tendencies as above outlined. The Czechoslovak Government has already officially informed the Government interested that it is ready to take part in negotiations for an Eastern Pact and to carry out in consistent fashion the policy involved in such a pact.

Benes further outlines Czechoslovakia's relations to the individual countries. He emphasizes that everything is being done to strengthen the Little Entente which today, after almost 14 years of activities, is regarded in the international forum as a decisive factor in the politics of Central Europe, and one of the important factors in European policy generally. The Little Entente has three firmly established aims in Central Europe in respect of which she is immovable and uncompromising—she is

opposed to treaty revision, to *Anschluss*, and to a Habsburg restoration in any form whatsoever. In regard to European policy the Little Entente desires to see the principle definitely prevail that Central Europe and the Balkans shall be respected by the Great Powers as a part of Europe where the nations are politically mature enough to claim that their territories shall not be the object of the rivalries of the Great Powers. Thus the Little Entente carries on a struggle for the due application of the weight of the small and medium-sized nations in world affairs. The results of the Little Entente's 14 years of activity so far have proved that this policy is the right one. The Little Entente further fulfils in Central Europe the mission of a certain factor in Central European equilibrium and thus takes the place of the former Habsburg Empire. This is an advantage to all the neighbouring Great Powers. The relations of Czechoslovakia to France are those of permanent fraternity. In this connection Benes makes use of the words of Barthou whose visit to Prague, Bucharest and Belgrade recently was such a splendid manifestation of the sentiments of mutual friendship, and an expression of the policy of peace common to France and the Little Entente.

(The lecture of Benes indicates, without camouflage, that the Versailles Complex together with its Geneva Complex has been inevitably heading towards an intercontinental and hemispheres embracing armageddon. The Little Entente of the Balkan Complex and its "big brother", the Anglo-French Entente, are functioning as the agents of this new world war.)

In international law, it is worth while to recall, Czechoslovakia did not exist down to 1917. But the Czech rebels from Austria-Hungary were recognized as a state by England, France and Russia even while the war was going on. Obviously the re-

cognition or non-recognition of a state does not depend on anything but *Realpolitik*, the political interests and the military power of the states recognizing it (contrast, *supra*, the non-recognition of Manchoukuo, pp. 273-275). Be this as it may, countries like Czechoslovakia, Poland and so forth were carved out of old empires as independent states of the sovereign type. The reason is not to be found in the strength,—military, political or economic,—of the hotchpotch of races, languages and religions belonging to these territories but in the interest of the third parties, the intervening Great Powers. It was the will of certain Great Powers to curb, destroy or weaken some of their rivals among the Great Powers; and they were strong enough to overpower their enemies. Hence a number of century-old subject races, colonies or dependencies of Central Europe were liberated from their traditional masters and enabled to enjoy independence and sovereignty. Verily, nations are not made exclusively by themselves. Foreign interventions, international intrigues, wars between rival empires and so forth constitute the fundamental ecology of subject races in their attempts at acquiring freedom.

Benes's lecture makes it clear likewise that (these newly established sovereign states like Czechoslovakia, Poland, etc. have to carry on perpetual "propaganda" in their own favour as well as against their old masters. The Great Powers that are responsible for the liberation of the subject races are perpetually called upon to aid and abet them in their daily routine. This is why the vanquished Great Powers that are compelled to lose their colonies or dependencies condemn the freedom or sovereignty of the latter as nothing but vassalage to their "liberators," the new masters.) (*Supra*, pp. 232-235. *Infra*, 316-318, 336-338).

1935, October. Italy embarks upon war in Ethiopia

(Abyssinia) The League of Nations is inspired by the United Kingdom as well as by France to declare the "sanctions" i.e., economic boycott, against the aggressor, Italy. Fifty-two nations participate in this anti-Italian measure. Germany, as a non-member to the League (since October 1933) remains neutral in connection with the declaration of the sanctions against Italy. Italo-German collaboration is a *fait accompli*.

The Rome-Berlin axis is functioning. Together with Japan, another non-member since March 1935, Germany and Italy then can lay the foundations of a *Dreieck* (triangle) with the object of world-reconstruction on an anti-League basis. The axis is extended to Tokyo (November 1936). *Infra*, p. 319.

The *status quo* of the Versailles system as well as of the League is the common target of these three powers. Besides, a special bond of union between Germany and Italy on the one side and Japan on the other is the defence against the growing power of Soviet Russia on account of industrial equipment and militarization as engendered by the two five-year plans. The etiology of the Rome-Berlin axis and of its extension to Tokyo is to be sought partly in this new "geopolitical" complex.

1935. The first volume of the *Macht und Erde* (Power and Earth) series, Leipzig, is *Die Gross-Mächte vor und nach dem Weltkrieg* (The Great Powers before and after the World-War), 1935. This volume has come out of the frame-work of the work by Rudolf Kjellen, the Swedish scholar, who along with the German anthropogeographer Friedrich Ratzel, is honoured by Haushofer as the most prominent among the founders of geopolitics. Kjellen saw 21 editions of his work entitled *Die Gross-mächte* (The Great Powers) until his death in 1922. That year the book was placed under the editorship of a group of German

scholars headed by Karl Haushofer. The editing has been done quite liberally. By 1935 is published the 25th edition and in the present form the book contains more of the spirit of Kjellen than of the letter. In other words, it has been so transformed and enriched with new material that it would be difficult for Kjellen to recognize his own child. The editors, however, are all sincere admirers of Kjellen and indeed look upon him as their *guru* (master), as already noticed, in this particular branch of researches in state-life. (*Supra*, pp. 254-256, 282-285).

The chief editor, Haushofer, believes that with the birth of the Third Reich in 1933 the concept of great powers and their inter-relations has been changed profoundly, so much so that the framework of Kjellen's can no longer be used for subsequent editions, although Kjellen's genius had foreseen the inevitable developments of the German power along the lines of today. In 1938 after the *Anschluss* (union) of Austria with Germany becomes an accomplished fact Haushofer's position, it may be observed, becomes stronger. The 1800 Germanies of 1648 gave way to 42 Germanies of 1815, and these latter were replaced by 25 Germanies of 1871 (without Austria) with as many dynasties under the German Emperor. After the *Anschluss* there is *ein Volk, ein Reich, ein Führer* (one people, one state, one leader). The dynasties cease to exist, the parties cease to exist, even the classes (?) cease to exist, as national-socialists believe.

The "geopolitical" problems of Austria-Hungary and the succession-states, as well as Italy and France, have been dealt with by Hassinger. The chapters on England, the British world-empire, Russia of the *ancien regime* and Soviet Russia have come from Obst. Maull is responsible for the contributions on the two Americas. Haushofer himself has

contributed the chapters on Germany, Japan and general observations. The tables of comparative statistics bearing on the great powers have been prepared by Staude.

According to Kjellen, in ancient and medieval times the great powers were monopolizing and exclusive world-states covering virtually the entire sphere of culture. They used to follow one another in chronological order,—one race, family or dynasty giving place to the next and so on. It is since the Renaissance that several great powers have begun to flourish simultaneously and side by side. With the end of the Napoleonic Empire something like a pentarchy came into existence in Europe,—England, Prussia, Russia, France, and Austria constituting, so to say, the Senate of Europe. This was expanded to the system of eight great powers by the inclusion of Italy in the middle of the nineteenth century and the U.S.A. and Japan by the end.

The great powers are not mere geographical, statistical and political phenomena of an isolated or accidental character. They are chiefly forms of life and the most powerful of all forms of life. They may be described as biological organisms as it were, says Kjellen. Every state is a political unit of five component parts, namely, territory, people, economy, society and administration. And it is from this standpoint that the Series has been planned in regard to the regional investigations.

The analysis of great powers leads Haushofer to a simple generalization. Neither large masses of population alone, nor high culture alone, nor an ordered constitution alone, nor all these together can establish a great power, says he. The most important factor is the powerful soul of the people and its influence on these factors. The great power is at bottom a will equipped with substantial power-resources which is mirrored

forth in claims and influences outside its own walls. To this concept may be added that of will to the expansion of power. No great power can really be saturated. The great powers are expansion-states. That is why we see them all furnished with a larger or smaller appendix of influence-spheres which belong to the very concept of a great power just as the tail to a comet.

In Haushofer's general philosophy the students of Hindu political theory will encounter their Vedic doctrine of *sabamana* (mighty), *uttara* (superior), *abhisad* (conqueror), *visvashad* (world-conqueror), *asvamasam visvasab* (completely conquering every region). (*Atharva Veda* VII, 1, 54) It is the same conception that found a classical shape in the Kautalyan doctrine of *visvashu* (aspirant to conquest) and his *mandala* (sphere of political influence). The same doctrine was popularized in the numerous teachings on *shakti* (power) in the *Mahabharata* (Book V ch 127, verses 19-20, V, 134, 39, Book XII, 56, 15).

1935, November *Rapprochement* between France and Germany is sought to be established through *Comité France-Allemagne*, and between the United Kingdom and Germany through the "Anglo-German Fellowship" Society.¹¹ A pact is likewise entered into between France and Italy. But none of these socio-cultural agreements or political pacts are of substantial value in international politics because of the diversity, nay, conflict of deep-seated political interests. England and France are fundamentally interested in the maintenance of the statal boundaries, the "geopolitical" *status quo* as defined by the Versailles Treaty and the League. Germany, on the other hand, is supremely interested, first and foremost, in the re-drawing of

¹¹ G Rühle *Das Dritte Reich* 1935 (Berlin), 323, 332, 339

the map of Europe by incorporating the German *irredentas* in a Unified and Greater Germany. Then there are the pre-war German colonies of which she was mercilessly deprived by Versailles and which she is determined to win back now that she is powerful enough to throw a challenge to the architects of the Versailles system and the dictators of the League. Besides not only in Abyssinia and East Africa but in entire North Africa it is Italy's interest to see the settled facts unsettled i.e. call in question the boundaries of the British and the French Empires. In the Far East again Japan is interested in removing Anglo-French hegemony as well as American obstructionist and imperially albinocratic guardianship from China. Naturally therefore Germany Italy and Japan have more interests to bind them together solidly than England and Germany or France and Germany or Italy and France. The triangle Germany Italy Japan bids fair to be more significant in the world politics of the day than the *Comité France Allemagne* Anglo-German Fellowship and Franco-Italian Pact.

In the consummation of these pacts and counter pacts is to be seen no alleged ideological conflict between so called democratic states and so called authoritarian dictatorial or despotic states (The fundamental conflict is that between the long established or adult Empire states and the new young or budding Empire states bent on a transvaluation of values by a tug of war with the powers that be) The creative disequilibrium embodied in the efforts of the rising Empire states is from their standpoint to be appraised as an evolutive struggle for emancipating the world from the thralldom of Anglo-French domination American albinocracy League dictatorship and the vestiges of nineteenth century despotocracy in international relations

From the standpoint of the colonies, dependencies, subject races and mandated areas, the fundamental desideratum is all-round or totalitarian de-imperialization or de-colonization. This is certainly the farthest removed from the objective of these pacts and counterpacts. Neither the League of Nations nor any of the world-peace organizations is, moreover, interested in the emancipation of colonies and dependencies from the empires.

A new category, "de-albimization", i.e. the expulsion of white domination from Asia and Africa, may be seen rising slowly on the horizon on account of Japan's increase in strength. (The immigration laws of the U.S.A. as well as of Australia, Canada, South Africa and other British Dominions and Colonies are red tags before the Japanese eyes. Then there are the American, British, Dutch and French empires in the Pacific threatening Japan's security from year's end to year's end. The constant intervention of these white empires in China and the Far East is a permanent source of danger to Japan. The advance of the Russian colossus in China and the Pacific has likewise been strengthened under the Five-Year Plans. A universal movement against all Eur-American empires is therefore a political and military, nay, economic necessity for the Japanese empire. This is the foundation of the ideology, "Asia for Asians." In this Asian Monroe Doctrine Japan is not unlikely to get collaboration from the rest of Asia from the Philippines and Indonesia (Java, Sumatra, etc.) to Arabia and Turkey as well as from Africa. The programme is one of de-albimization, i.e., the overthrow of white, albinocratic hegemony in non-white lands and seas.)

In this problem the difficulties are not slight. In the first place, a purely ethnic war, i.e., war of races in which all non-whites are arrayed against all whites has never been and can

hardly ever be a fact of *Realpolitik*. In the second place de albinization under Japanese auspices is not de imperialization. It may not imply anything more than the replacement of white empires by Japanocracy in certain regions of Asia and Africa.

1936 The International Relations of Manchoukuo

Shortly after the founding of the State in March 1932 the Government of Manchoukuo liquidated all the debts contracted by the former regime from foreigners making cash payments to the amount of M Y2 810 000 and payments in bonds totaling M Y5 500 000. Since its establishment Manchoukuo has been adjusting and improving her domestic affairs as well as promoting cordial relations with neighbouring states. This is recognized by foreigners visiting this country including the well known F B I Mission headed by Lord Barnby.¹²

In reviewing the diplomatic events of Manchoukuo special mention must be made of the *de jure* recognition accorded by the Empire of Japan on September 15 1932 by the signing of the Manchoukuo Japan Protocol. This provides for the co-operation of the two countries in the matter of national defence.

Noteworthy in this connection are the visit to Manchoukuo in June 1934 of H I H Prince Chichibu of Japan and that of the Emperor of Manchoukuo to Japan in April 1935. In Japanese thought these Imperial visits are epochal events in the history of the Far East to whose peace and stability they are said to have made marked contribution. For the promotion of closer economic intercourse an agreement relating to the establishment of a Manchoukuo-Japan Joint Economic Commission was signed on July 15 1935 at Hsinking.

¹² *Report of Mission to the Far East* August-November 1934 by the Federation of British Industries London.

Taking into consideration the recent progress of the administrative and judicial systems of Manchoukuo the Japanese Government announced its intention on August 9 1935 to relinquish voluntarily extra territorial rights in this country as well as to transfer or adjust the administrative rights in the South Manchuria Railway Zone. These rights the Japanese have been enjoying since the close of the Russo Japanese War (1905) by virtue of the Portsmouth Treaty. An Extra territoriality Abolition Committee was organized by Manchoukuo in 1935 to arrange matters in preparation for the achievement of this great task. This Committee is working in close cooperation with a similar committee organized by the Japanese Government.

When the new regime was established in Manchoukuo in 1934 official messages of felicitation arrived from nine different states of the world viz. El Salvador Turkey Liberia Lithuania Santo Domingo Nepal Bolivia USSR and the Holy See. The Republic of El Salvador gave *de jure* recognition to Manchoukuo under date of March 3 1934 informing this Government that she would permit immigrants and others from Manchoukuo to enter her country without restriction.

The Holy See under date of April 18 1934 notified this Government of its decision to form a separate mission field in Manchoukuo independent of that of China and appointed Monsig. Bishop A. Gasparis as Acting Apostolic Delegate. This notice originally given by Bishop Gasparis was confirmed on August 2 1934 by an official communication from His Eminence Pierre Cardinal Gamsroni Biondi *prefet de la S. Congregation de la Propagande*.

The Manchoukuo Soviet negotiations for the transfer of the Soviet interests in the North Manchuria Railway to the new

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State, conducted in Tokyo since June, 1933, came to a successful conclusion on March 23, 1935, when an agreement stipulating the cession to Manchoukuo of the rights of U.S.S.R. concerning the Railway at the price of ¥140,000,000 in Japanese currency (in addition to retiring allowances to the Soviet employees of the line approximating ¥30,000,000), was formally signed between the plenipotentiaries of the two nations. The negotiations for the improvement of the navigation conditions of the Amur and other border waterways, conducted almost simultaneously between the two countries, likewise came to a conclusion and an agreement was signed by the representatives of the two countries on September 4, 1934.

A conference was held in Manchouli in June 1935 between the delegates of Manchoukuo and Outer Mongolia for the establishment of friendly relations and the settlement of border disputes. It came to a deadlock in November of the same year due to Outer Mongolia's attitude.

Manchoukuo is represented by an embassy at Tokyo and consulates at Shingishu (Chosen), Chita and Blagoveshensk in the U.S.S.R. Diplomatic and consular establishments have been instituted in this country by Japan, Great Britain, U.S.A., Germany, Italy, France, Holland, Belgium, Czechoslovakia, Poland and other countries. (*Supra*, pp. 273-275).

1936. Radha Kamal Mukerjee: *Migrant Asia* (Rome). Mukerjee claims the colonies in Africa, Asia and America for Indian settlers and emigrants because they are "naturally adapted" to the agricultural requirements of these regions. In the Italian preface contributed to this work Corrado Gini opposes Mukerjee because the colonies should belong to those peoples who are "technically" and "culturally" competent to develop them.

In the present author's position as indicated in *The Sociology of Races, Cultures and Human Progress* (Berlin, 1922, and Calcutta 1939) both Mukerjee and Gini are out of the mark. The issues raised by them are irrelevant because in reality the colonies belong to the peoples with the more powerful sword. The problem is essentially political and/or military.

It is the relative absence or weakness of the sword that has rendered the Balkan Complex, the Baltic Complex, and indeed the entire Eastern and Southeastern regions and races of Europe the colonies or dependencies, today of Turkey, tomorrow of Russia and Austria-Hungary, and the day after tomorrow of Germany. Corresponding to the colonies of Eur-American powers in Asia and Africa there have been in existence the colonies,—e.g. the territories of the Slavs,—dominated by Asian or European powers in Europe. The situation is one of "balancing in colonialism."¹³

1936, March. The Rhineland is reoccupied by Germany. No resistance comes from France because England does not support or encourage her. Subsequently in regard to the Czechoslovakian situation also France follows England's lead in declining to resist Germany (1938, September).

It is interesting to observe that since the world-war (1914-18) came to an end England has been systematically supporting Germany. It is British influence that is to a considerable extent at the back of German self-assertion since 1919,—even under the Hitler-regime. We may recall that the first most damaging attack on the Versailles Complex came from J. M. Keynes in *The Economic Consequences of the Peace* (London, 1919).

¹³ See B. K. Sarkar: *Villages and Towns as Social Patterns* (Calcutta, 1941), the section on *Sociologie Coloniale*, pp. 72-75.

1936, July Unrest and riots in Palestine are caused by conflicting promises from England to Jews and Arabs. The British army is in action, operating against both

1936-39 Spain is the theatre of a civil war between General Franco, the nationalist, and the socialist Government. It is really a European War in which Russia (and France and England) are supporting the Socialist Government while Italy and Germany are on the side of Franco. The civil war breaks out in July 1936. Franco's Spain joins the Axis or the Triangle (Germany-Italy-Japan) in April 1939 as soon as the socialists are defeated.

1936 Lionel Robbins "Capital Movements Under Economic Nationalism" (*Lloyds Bank Monthly*, London)

Under conditions of free investment, capital flows to the point of maximum return, account being taken of variations of risk. This means that capital tends to flow from areas where it is relatively plentiful to areas where it is relatively scarce. Now in fact the different parts of the world are in very different stages of economic development. There is reason to suppose that, given peace, stable government and freedom of investment, for a very long time to come, capital would flow from those parts which are relatively rich to those parts which are relatively poor, to the enrichment of each. From the economic point of view, the world is still relatively undeveloped, and the prospects of increased wealth all round, which would follow better exploitation of its resources, are great.

But under economic nationalism, this process of development must inevitably be considerably limited. This is not merely a matter of the immense obstacle to international investment which is offered by that form of economic nationalism which involves

instability of exchanges, the effects of that are too well known to need further mention here. It is rather the effect of economic nationalism as regards long term investment. So long as the governments of areas where capital is relatively scarce are unwilling to see domestic resources controlled by foreign owners, so long as the authorities of the areas where capital is relatively plentiful impose hindrances on its movement elsewhere—and as economic nationalism grows this must come more and more to be the case,—so long must this impoverishment of the world continue. There must be stagnation and ultra-cheap money in the capital exporting centres, financial stress and a chronic scarcity of capital in the centres which would have imported capital. Moreover—and this is a point which especially concerns Great Britain—the great export trades, which have been geared up, so to speak, to meet the demands created by the large export of capital, must remain permanently depressed. Not merely the business of acceptance and new issue, but the whole business of export suffers further from the stoppage of free capital movement.

It may be said that all this is hasty generalization from the difficulties of the moment, and that “when things get better”—it is never stated quite how—even under the regime of separate national planning we shall see a revival of orderly international borrowing and lending.

It is to be feared that the wish is father to the thought. For the probabilities are all in the other direction. The existence of national control of the business of the investment is likely to make the movement of capital not more, but very much less, considerable than would otherwise be the case. When one set of investors in one country lends to another set of borrowers elsewhere that is an affair of private business in which the interven-

tion of governments is the exception rather than the rule. But when the investment board of one country lends to the investment board of another that is *ipso facto* a matter of high diplomacy involving political risks and considerations quite unconnected with the relative scarcity of capital in the countries concerned. It is really not to be expected that under such a regime the movement of capital would be on anything like the scale which might be expected in a regime of free private investment. The Russian credits are sometimes invoked as a demonstration that even under national socialism some borrowing takes place, but the example is surely very unconvincing. Who can doubt that if the revolution had taken a different form and there had been scope for free investment and private property in Russia the volume of foreign investment in those parts since the war would have been incomparably greater? A world of economic nationalism is going to be a world in which the undeveloped areas are much less rapidly developed and at much greater cost than would be the case in a world of international co-operation. And the centres which in the past have grown up to organize the business of international investment must be doomed either to decline or to a very radical transformation of their business.

1936 Tarak Nath Das *Foreign Policy in the Far East* (New-York), *British Expansion in Tibet* (1927), *Sovereign Rights of Indian Princes* (1925), *India in World Politics* (1923). The United States Government never opposed British annexation of Hongkong and Burma and the establishment of a British sphere of influence in the Yangtze Valley and expansion in Tibet. It never opposed French annexation of Indo-China and the establishment of a French sphere of influence in Yunnan. It

recognized the German sphere of influence in Shantung and Russian influence in Outer Mongolia and certain parts of Manchuria. It recognized Japanese annexation of Korea and certain rights of Japan in Manchuria. The Chinese Government was aware of the friendly interest of the American Government, but it also must have realized that the U.S. would not send her army and her navy to China to fight for China's territorial integrity (Cf Barnes, *Supra*, pp. 85-87).

In spite of all kinds of diplomatic engagements and promises the great powers of the world except the U.S. are still keen on empire-building in the Far-East at the expense of weak nations. In spite of this fact, a spirit of new nationalism is sweeping through all the countries of the East, especially China and India, the object of which is to recover the sovereign rights of the peoples of these countries.

There is an indication that in the Far East, sooner or later, the national imperialism of the West will be ousted by the re-assertion of the peoples of the Far East. The rise of militant nationalism among the Oriental peoples is due primarily to a reaction against the *Machtpolitik* (power politics) of Western nations. Nationalism in the Orient is on the way to asserting the rôle of national imperialism, and Japan provides the outstanding example. The peoples of the Far East are working to assert their position of equality which the dominant Western powers are still resisting. There has arisen a type of concert among the peoples of the Orient against Occidental domination. The concert has not yet materialized as an effective political movement, although it has taken the form of a movement "Asia for the Asiatics".

In Das's ideology political science has to recognize the

influence of the doctrine of "de-albinization" which has been stressed in the three parts of the present work. An Asian Monroe Doctrine of the cultural and economic type is universally operative as a sentiment throughout Asia. As far as the political aspects of this doctrine are concerned, none but Japan, Turkey and Iran are at the present moment in a position to carry it out with greater or less degrees of success (*Infra*, pp 323, 332).

It should be observed, however, that a totalitarian Monroe Doctrine is as inconceivable and impracticable for Asia or Africa as for America or Europe. Industry, capital, trade, labour, science, arts and culture generally are becoming more and more intercontinentally united. Mutual interventions in politics are sure therefore to increase.

The most important item in all these considerations is the question of national independence, i.e. the removal of alien domination, colonialism and foreign rule. Today Japanocracy is no less a reality than albinocracy as a form of imperialism.

Japan, says Das, has virtually made Manchuria a protectorate, and Russia and Great Britain as well as the U.S.A. are worried over the increase of Japanese power through this expansionist policy. But today neither the U.S.A. nor Britain nor Russia is ready to present a united front and coerce Japan, if necessary, by a war on the Empire of the Rising Sun, because the Japan of 1935 is not the Japan of 1895, and furthermore, the world situation is not so unfavourable to Japan as many uninformed people think.

Unless Japan and China succeed in solving their differences through direct negotiations there is no hope for real peace in the Far East. China in the past depended upon the support of Russia, Great Britain, the U.S.A. and the League of Nations

to oppose Japan. This policy has been futile as well as dangerous for China. General Chiang Kaishek apparently has decided to seek Japanese co-operation.¹¹ It seems that the British authorities are much upset with the prospects of such a possibility, because a real Sino-Japanese *rapprochement* will menace British imperialism in Asia. But the U.S.A. has nothing to fear from such a co-operation, on the contrary, a far-sighted American statesman should promote such a possibility as did General Grant and others.

Das therefore quotes the suggestions of Colonel Theodore Roosevelt, as made to President Taft in 1910, as follows: "The vital interest of the Japanese is in Manchuria and Korea. It is therefore peculiarly our interest not to take any steps as regards Manchuria which will give the Japanese cause to feel, with or without reason, that we are hostile to them or a menace, in however slight a degree, to their interests". To what extent the U.S.A. is capable of controlling her albinocracy or white chauvinism in the interest of Asia's Monroe Doctrine and world peace remains to be seen (Cf. Homan, 1938, *Infra*, p. 342).

1936 Arnold Toynbee¹⁴ *Survey of International Affairs*. The conquest of Abyssinia by Italy in 1935 and the military occupation of the Rhineland by Germany in 1936 serve to show, in Toynbee's judgment, that the great powers associated with the League of Nations, democratic as they are, do not care to risk anything in order to safeguard the system of collective security. The lesser states are therefore bent on withdrawing from the League, or seeking subordinate alliance with Italy or

¹⁴ This is the apparent position previous to the summer of 1937.

¹⁵ For A. J. Toynbee see *Pol. Phil.*, Vol. II, Part I, pp. 281-282, and Part III, pp. 17-20, 118, 326.

Germany The Little Entente is counting its days Rumania is abandoning France to come over to the Berlin-Rome axis But Czechoslovakia, a leading partner of the Little Entente, is tightening her relations as much with Russia as with France

The position of the new states from the Baltic Sea to the Aegean, as described by Toynbee, is nothing unusual They are the creations,—novel or modified,—of the Great War (1914-18) They exhibit the features of vassals to new masters and yet feel uncomfortable in the shadows of old masters

In every way the rival powers make it a point to weaken each other by inciting revolts among the subject races, colonies or dependencies of the opponent This is but an application of the Kautskyan doctrine of sowing dissensions in the enemy's camp At the end of the war the revolting colonies may find themselves "liberated" from their old master, or rather, they are conquered by the new The victorious power is very often judicious enough or considers it expedient to treat these conquered territories as formally independent states Factually, however, they are for some time bound to remain, like Poland, Czechoslovakia, Manchoukuo, and many other states of recent history, somewhat like the vassals or subordinate allies of the liberating power By all means is this condition of vassalage or subordinate alliance *de jure* different from and superior to the previous condition of subjection slavery, dependency or colony

At any rate, under conditions of war between great powers and as an aftermath of wars subject nations obtain chances for diplomatic higgling and negotiation with the old master The liberating power also is compelled to feel and take note of the higgling complex In starting negotiations with the colonies of its enemy the liberating power seeks to offer them attractive

terms, better than those offered by the old master. The colonies, when "liberated" (or conquered by the new master) may then commence their career on a somewhat higher than their old status. This opportunity for haggling on the international plane is one of the positive contributions of a third power interfering in the fortunes of colonies or dependencies during a *war-milieu*. To every subject race war is in all respects a God-send. It is the only avenue to freedom or half-way house to freedom.

For one thing, the subject race can, on account of the war strategy, consciously realize its position and importance as the bone of contention between two rivals. It rises to the dignity of being indirectly a theme of negotiations between the powers that be. The *status quo* is broken in upon by "creative disequilibrium". A totalitarian freedom of substantial importance hardly ever makes its appearance at the first instance. But certain doses of freedom, autonomy, self-determination and so forth may emerge without question. Indeed, they are already promised to the colony by the old master. In any case, it is through foreign intervention, as consummated in wars, that "de-imperialization" or "de-colonization" can become a reality whether in full or in doses. It is often but an accident of wars whether a colony in revolt can be totally conquered and liberated by the new power from the old. But the colony's status changes by all means.

The so-called "nation-states" of the Little Entente, Balkan Entente, Danubian Entente and what not are still but colonies or dependencies. New masters like England and France dare not proclaim these states, in so many words, as their colonies because of military-economic-political incompetence and unpreparedness. But these "lesser states" helplessly look up to them for *de facto* protection. To the old masters like Germany and

Russia, especially to the former because of her innate strength, these states are *de facto* colonies. They are treated by Germany as mere agricultural zones and markets for her industries. Besides, politically and militarily, Germany knows she can overpower and annex them at will. The *de jure* sovereignty of these war-created states should not blind the student of political science to their genuine rôle as virtually a colonial complex. The two decades of external freedom or sovereignty created for Poland, Czechoslovakia, etc. by the enemies of Austria-Hungary and Germany have not been able to remove their real character as dependencies or colonies which was their status for centuries. The problem of external freedom or international sovereignty is no less difficult for the subject nations in Europe than for those in Asia and Africa. (*Supra*, pp. 232-235, 298-299, *Infra*, 336-338)

1936 Hans Kohn ¹⁶ *Western Civilization in the Near East* (New York) "The brief epoch of European world domination seems to be approaching its end" "As modern civilization becomes more and more universal the races and peoples of the earth meet again more and more on a footing of equality as they did before the rise of modern civilization".

Kohn has rightly visualized the beginning of what may be called de-Europeanization. In reality, the emerging epoch is one of de-Euramericanization or de-albinization, i.e. the end of "white man's burthen." The cry, "Asia for Asians", with its annexe, Africa for Africans, is the positive aspect of de-albinization embodying the cult of equality between East and West. This is Asia's and Africa's Monroe Doctrine. The issues involved are

¹⁶ Kohn's political ideas may be seen in *Pol. Phil.*, Vol. II, Part I, pp. 52, 255-259. See also Part III, pp. 126-150, 282-328.

no less economic and cultural than political. The removal of Euro-American hegemony in the politics of Asia (and Africa) is the goal of this de-albinization movement, comprehensive as it is. The consummation of this programme is being worked at by Turkey and Iran in Western Asia, but chiefly and with considerable energy by Japan in East Asia. The subject races of Southern Asia, Indonesia, Pacific Islands, as well as Northern and Eastern Africa are ideologically among the staunchest exponents of this Monroe Doctrine of the East (*Supra*, pp 312-314)

1936, October The Berlin-Rome axis is established on Germany's recognition of Italy's conquest of Ethiopia.¹⁷ The category, "Berlin-Rome axis," is used for the first time by Mussolini in his lecture at Rome on November 1 in appreciation of Hitler's co-operation

1936, November Anti-Comintern Pact is established between Germany and Japan.¹⁸ The Berlin-Rome "axis" (October 1936) is extended to Tokyo. A similar pact is subsequently established between Italy and Japan. The "Triangle" (Germany-Italy-Japan) is complete. (*Supra*, p. 300).

This axis or triangle is joined by Hungary and Manchoukuo in February 1939 and by Spain in April 1939 as soon as General Franco wins the civil war (which starts in July 1936). It is renewed for a second five year period in November 1941.

1936. John Maynard Keynes¹⁹ *The General Theory of Employment, Interest and Money* (London). According to this non-classical (and anti-classical) British economist peace is hindered and war is promoted, among other causes, by "an inter-

17 G Rühle *Das Dritte Reich* 1936 (Berlin), pp 302-305

18 G Rühle *Das Dritte Reich* 1936 (Berlin), pp 311-313

19 *Supra*, pp 80, 98-99, 126, 153-156, 160, 198

national fixed gold standard", "*laissez faire* in international lending", "international division of labour" of the conventional type, etc. For in an economy subject to money contracts and customs more or less fixed over an appreciable period of time, where the quantity of the domestic circulation and the domestic rate of interest are primarily determined by the balance of payments, as they were in Great Britain before the war (1914-18), there is no orthodox means open to the authorities for countering unemployment at home except by struggling for an export surplus and an import of the monetary metal at the expense of their neighbours. "Never in history was there a method devised of such efficacy for setting each country's advantage at variance with its neighbours' as the international gold (or, formerly, silver) standard. For it made domestic prosperity directly dependent on a competitive pursuit of markets and a competitive appetite for the precious metals".

Keynes advocates, on the contrary, the policy of an autonomous rate of interest, unimpeded by international pre-occupations, and of a national investment programme directed to an optimum level of domestic employment which is twice blessed in the sense that it helps ourselves and our neighbours at the same time. And it is simultaneous pursuit of these policies by all countries together which is capable of restoring economic health and strength internationally, whether we measure it by the level of domestic employment or by the volume of international trade.

(If nations can learn to provide themselves with full employment by their domestic policy (and, we must add, if they can also attain equilibrium in the trend of their population), there need be no important economic forces calculated to set the inter-

est of one country against that of its neighbours. There would still be room for the international division of labour and for international lending in appropriate conditions.) But there would no longer be a pressing motive why one country need force its wares on another or repulse the offerings of its neighbour, not because this was necessary to enable it to pay for what it wished to purchase, but with the express object of upsetting the equilibrium of payments so as to develop a balance of trade in its own favour. International trade would cease to be what it is, namely, a desperate expedient to maintain employment at home by forcing sales on foreign markets and restricting purchases, which, if successful, will merely shift the problem of unemployment to the neighbour which is worsted in the struggle, but a willing and unimpeded exchange of goods and services in conditions of mutual advantage.

One will recall to a certain extent that in order to promote world-peace, the goal of Keynes as set forth here, Fichte proposed the abolition of gold and silver, i.e., international money as well as of international commerce in *Der geschlossene Handelsstaat* (The Closed Commercial State, 1800) (Keynes's "controlled international trade" is a distant echo of the Fichtean abolition of international commerce,—the objective in each instance being the abolition of war. Something like a national economic autarchy, although modified in certain items, is the common feature of both these utopian schemes.)

1937-38 The construction of the Trans-Iranian Railway is calculated to connect the rich northern districts with Teheran as well as to facilitate the exchange with the goods from the southern regions. The expenses are being covered with the proceeds of the tea and sugar monopolies. The northern portion

is opened in 1938, the southern is expected to be ready next year. In Riza Shah's economic planning this and other railways as well as the roads play an important rôle. The extraordinary significance of these arteries of communication is to be understood from the fact that the Iranian dictator had to undertake these enterprises in the teeth of tremendous opposition from the conservatives. According to von Caucig the Iranian railways and roads have a political value as well. The most obvious aspect, of course, is the unification and consolidation of Iran. Besides, the Iranian railways and roads are being linked up with those of Iraq, and these latter again with those of Syria and Turkey. The total effect is well calculated to feed the movement of a Pan-Arabia. The Near East (Turkey, Syria, Palestine, Transjordan, Saudi Arabia, Iraq, Iran and Afghanistan), peopled as it is by nearly 53 million inhabitants, bids fair to feel an economic-political solidarity. To this is to be added the almost revolutionary increase in the military power of each state. Iran, for example, is now in a position to send troops and war materials to the most vulnerable points (Like Turkey Iran also is getting emancipated from the status of vassalage or semi-vassalage to European states) The economic and political liberation of Iran like that of other states in the Near East from Europe is now a question of practical politics ²⁰ (*Infra*, pp 330-332).

Here we get glimpses into the West-Asian aspect of "de-albinization", i.e., removal of white hegemony. Asia's Monroe

20 F von Caucig "Die Verkehrsentwicklung im Vorderen Orient" (*Zeitschrift für Geopolitik*, Heidelberg, November 1938) B K Sarkar's lecture on "India's Trade with Iran, Iraq, Arabia and Turkey" at the *Bangiya Asia Parishat* (Bengali Asia Academy) on March 22, 1938

Doctrine is no less active in the Near East and the Middle East than in the Far East. (*Supra*, pp. 313-314, *Infra*, pp. 329-332).
 1937, March. Jivoin Peritch (Belgrade), Yugoslavian jurist:
An Incoherent Continent.²¹ "From the viewpoint of military and economic situation of the two belligerent groups in 1917 the War could not have been continued much longer, and it would have been possible perhaps to achieve a peace of *entente*. The United States, instead of aiding in it, rendered the war even greater and more atrocious by provoking in this way the Russian Revolution and with it the rise of Bolshevism. The success of the Allied policy of exterminating the enemy took the place of accommodating peace which would have reconciled the old enemies after the peace. And it is this policy of extermination which still dominates the relations between the European powers, of which the result will be another explosion like that of 1914." (*Supra*, pp. 232-236).

"These treaties (1919-20), results of conferences to which German delegates were not allowed excepting under military guards, represent a dictated peace. It is difficult to find even in the darkest period of ancient history examples of more humiliating brutality."

"It has surely to be recognized that the statute of present-day Europe can show many ameliorations over conditions prevailing before the war, but it is none the less true that new injustices have been committed. Millions of inhabitants have been subjected to foreign rule by these treaties."

According to Peritch the greatest of the European inconsistencies is embodied in the League of Nations. "All the

²¹ A paper in *The Religions of the World* (Ramkrishna Mission Institute of Culture, Calcutta, 1938). Vol. II.

errors of this institution are derived from the impossibility of the desire of the Pact, which created the League, for achieving the solidarity and collaboration only of the victorious powers to the exclusion of the vanquished."

The attitude of the League in regard to the colonial question furnishes another evidence of Europe's inconsistencies. "For it was particularly the powers possessing most colonies which raised objections against the Italian conquest of Ethiopia, and posed as champions of the liberty of the black peoples, although they hold millions of foreigners under subjection." According to Peritch, "either the League of Nations should recognize the principle of equality of all colours and races and thus abjure all the colonies of all the European nations and not only of Italy, or it should frankly place the white race above all other races, in which case also there should be an equitable distribution among the European states of the overseas colonies."

Europe is "now a hell" and is "no longer the leader of the world". The "white peoples of Europe" are no longer "respected and feared" by the other races.

Peritch pleads for the "abolition of international law in Europe and its replacement by a European federation similar to the Swiss or the American." "Then Europe would again be able to control the world though on a different ethical basis from that of the past."

1937, March. The Economic Foundations of Progressive or Relative Peace and Regional or Partial World-Economy.²²

Even in the most prosperous countries there is no such thing as absolute prosperity. Certain individuals are more prosperous

22 B. K. Sarkar's lecture at the Y.M.C.A., Chowringhee, Calcutta

than others. And the most prosperous individuals are looking for greater and greater doses of prosperity. Indeed prosperity is a relative phenomenon. Corresponding to relative prosperity there is such a thing as relative freedom. And since it is possible that freedom and prosperity may vary in extent and intensity from epoch to epoch even in the same country both have to be taken as progressive. It is on such considerations of progressivism in human social and moral developments that optimism can if at all have a secure foundation. World peace also is a relative and progressive consummation. And it is being brought about by diverse agencies.

Economic relations are not yet in a position to induce the establishment of the so called world state. The diverse races of men are likely long to remain members of a polycentric political organization (*Supra* pp. 203-204).

The occasions for conflict between these members will have therefore to be envisaged as international possibilities. But all the same thanks to economic developments the world is in for a system of progressive and relative peace. And even under conditions of strife it should be reasonable to get orientated to the expansion of peace areas both in territorial dimensions as well as in the interests of life.

One of the latest developments in the world's monetary affairs is to be seen in the decision that the Chinese currency is to be pegged on to the British. This is an index to the great reality that no matter what be the political relations between nations commercial transactions by themselves are powerful enough to induce currency unions thereby fostering if not peace in the entire world at any rate a partial or regional world peace. Such relative world peace is to be observed in the establishment of

four or five currency unions, such as the French Imperial, American, Russian, Japanese and German in addition to the British system

A world embracing free trade regime is out of the question for some long time. But free trade, confined to more or less extensive regions of the world, is already a reality. The world-economy today, by encouraging the system of such preferential tariff unions, has been bidding fair to be a promoter of relative world-peace.

The regime of technocracy has been no mean factor in the establishment of economic "interdependence." Technical developments promoting automatically, as they do, world-unification have been intimately associated with international agreements. The international marine and river legislation since the beginning of the nineteenth century has not failed to foster peace among nations on a considerable scale. Since the establishment of the General Telegraph Union in 1865 and the World Postal Union in 1875 the communication technique of the nations has been placed on an international peace basis. The International Monetary Conferences during the third generation of the nineteenth century served to generate similar forces. The organizations that were brought into being in order to implement the recommendations of those international associations or conferences were nuclei of economic rationalization and each functioned somewhat like a League of Nations. The economic functions of the "Geneva Complex," in spite of its shortcomings will have to be appraised as some of the solid foundations of relative and progressive world-peace (*Supra*, pp. 230-232). A regional world economy is likewise on view in Western Asia on account of developments in transportation (*Supra*, pp. 321-322).

1937, September Mussolini lecturing at Berlin on "the Common Ideals of Fascism and National-Socialism." Like Fascism in Italy, the national revolution had given Germany a new faith. I believe that the cause of much misunderstanding and mistrust between the peoples lies in the fact that the responsible men do not know the new reality which is being created.

If people knew the national revolutions of Germany and Italy better, many prejudices would cease to exist, and many points of dispute lose their reason for existence.

Both the Fascist and National socialist revolutions had a high conception of work as the token of human nobility. Both based their strength on their young, which they trained by discipline, courage, endurance, pacifism and contempt for a life of comfort.

The resurrected Roman Empire, declares the *Duce*, is the work of this new spirit which inspires Italy. The German rebirth is also the work of a spiritual force, faith in an idea in which once only a single man believed, then a troop of champions and martyrs, then a minority, and finally a whole people.

Germany and Italy follow the same aims, too, in the field of economic self-sufficiency. Without economic independence the political independence of a nation is made doubtful and a people of great military strength can fall a victim on an economic comfort.

We have seen this defeat threatening us when 52 nations gathered at Geneva determined on the criminal economic sanctions against Italy, those sanctions which were carried through in all their harshness but did not attain their goal, but rather gave Fascist Italy the opportunity to prove to the world her power to resist.

In spite of all pressure Germany did not join in the sanctions. We shall never forget it. This was the point at which for the first time the existence of a necessary co operation between National-Socialist Germany and Fascist Italy made its appearance.

What is now called the Berlin-Rome axis arose in the autumn of 1935 and in the last two years has done great work for an ever closer drawing together of our two peoples and for the political strengthening of European peace.

The moral principle of Fascism is loyalty, and this coincides with my personal ethics—to speak clearly and frankly and, when I have a friend, to march with him to the end.

There is no dictatorship either in Germany or Italy. They have forces and organizations which exist to serve the people.

No government in any part of the world possesses the agreement of its people to the same extent as the governments of Germany and Italy. The greatest and most genuine democracies which the world knows today are the German and Italian.

Elsewhere under the mantle of 'the inalienable rights of man' politics are ruled by the power of money, capital, secret societies and mutually hostile political groups. In Germany and Italy it is quite out of the question for private forces to be able to influence the policy of the State."

1937. Japanese Military Budget and National Finance. Writing in the *Nihon Hyoron* (Tokyo) R. Nozaki observes as follows:

The prevailing crisis is to be attributed to the paradox that, while the various economic activities of this country are destined to expand extremely, the national strength is not great enough to remove external pressure. This pressure must obviously be removed for Japan to go along the path of progress but

the replenishment of economic power is a primary requisite for the country to achieve this task.

What is meant by this external pressure? The situation in the Soviet Union is one aspect of it. The military expenditures of the Soviets amount to one-sixth of their national income. Japan's national income amounts to Y14,000,000,000 a year and one-sixth of it is Y2,300,000,000. The military expenditures in the 1936-37 fiscal year working budget have increased, but still the figure is only Y1,070,000,000 of which the army appropriation is only Y520,000,000. Considering these relations, the military expenditure to be borne by Japanese *per capita* is less than one-third of that of the Soviets.

No matter whether Japan likes it or not, the Japanese army and navy expenditures must be increased. The only question is as to how much. A few figures alleged to have been prepared by the Army and Navy authorities since the February 26 incident are available, but no credit can be given to them. The adequate requirements of the army and navy are Y1,000,000,000 each for the next six or seven years. During the recent five years service expenditures have been forced to be increased by 150 per cent., and in the next six or seven years 100 per cent. more should be required. This would bring such expenditures to 14 per cent. of national income as against the 17 per cent. of the Soviets.

Not only the military expenses, but administrative and industrial expenses are bound to increase, so that the budget figure can be expected to advance to about Y4,000,000,000. The national production too may increase automatically in correspondence, but even then the production will not be able to meet the expenditures, because this will mean the lowering of the national standard of living. The question is how Japan can

meet the increasing military and other State expenditure without causing the national standard of living to go down.

To do this the national production must be increased to about ¥30,000,000,000 for the next six or seven years. The ratio of increase of annual production must be over 10 per cent., but it will be difficult for Japan to attain this under its present economic structure. Thus, a change to managed economy from free economy will become unavoidable. The motive for managed economy is primarily military need, as far as Japan is concerned. In Japan the need of trade control is not so keenly felt and urgent as in Germany. Except for the trade with Manchoukuo, Japan's trade balance with leading Powers is marked by a large excess of imports, but Japan can do well without taking hasty countermeasures in this regard under the prevailing circumstances. The Exchange Control Law is protecting the country's foreign trade balance from becoming dangerously adverse. What Japan needs most at present is industrial control and money market control. Industrial control is liable to be mixed up with the major industry control law now in force, but the two are fundamentally different in substance. The industrial control herein urged has as its ultimate object a rapid increase of the productive power of the nation based on managed economy.

1937. Pan-Arab Congress holds its session in Syria.

According to Bagdadi, the movement is popular in all the countries of the Arabian Peninsula, namely, Iraq, Saudi Arabia and the Yemen²³. Then there are (1) Syria and Lebanon, re-

23 Yusuf Bagdadi's lecture on the *Moslem States of Asia and Africa* at the "Antaryatik Banga" Parishat ("International Bengal" Institute), Calcutta on December 5, 1937. See R. Huber, *Deutschland und der Wirtschaftsaufbau des vorderen Orients* (Berlin 1938), P. W. Ireland

publics under French mandate, (2) Palestine and Transjordan under British mandate, (3) Kuwait, the Bahrain Islands, Qatar and Oman (in the Persian Gulf zone) under British protection, and (4) Aden Protectorate including Hadramaut (in the Indian Ocean area) likewise under British protection (5) Finally, there is Egypt

Damascus in Syria and Bagdad in Iraq are the two centres of the Pan-Arab ideology. The anti-British movement in Palestine is fed from Syria and Iraq. The Grand Mufti of Jerusalem is in exile in Syria and can depend upon the Arab nationalists of different centres in the agitation against the Jews and the British in their Palestine policy. King Ibn Saud of Saudi Arabia and Imam Yahya of the Yemen are Pan-Arabists in sentiment although moderate in activities for reasons that can be easily understood. The "geopolitics" of the Pan-Arab movement have to reconcile, in the first place, the relations between Egypt on the one side and the Arab states on the other. Secondly, the conflicting ambitions of Syria, Iraq and Yemen are powerful centrifugal forces. (*Supra*, pp 321-323).

Among the *viswa-shakti* (world-forces) in the midst of which Pan-Arabists have to work are the eternal rivalries of the great powers, says Yusuf Bagdadi in conclusion. First in point of time are the conflicts between Great Britain and France. To these have to be added Germany's and Italy's efforts to play the rôle of new political factors in Asia. Last

Iraq (New York 1938). B. Veinua *La Politique Islamique de l'Allemagne* (Paris 1939), and G. Antonius *The Arab Awakening* (Philadelphia 1939)

See also *Pol Phil*, Vol II, Part I, pp 84, 90-92, 98-101, 179, 199-200, 215, 257-259

but not least has to be remembered the natural ambition of Kemalist Turkey not to accept the dismemberment of the glorious Turkish Empire as a fact settled for all ages.

The Director of Researches (the present author) observes that the desire to re-establish New Turkey's position in the old Turkish territories belongs to the order of creative disequilibrium which may not be embodied in the attempts and pious wishes of the Pan-Arab Congress. The relations between the Turks and Arabs (who are non-Turks) are not to be postulated as friendly simply because they are both Muslim. Pan-Islam is not a dependable political force. The orientations of Arabs (of the diverse regions depending on European Empires in different degrees of subjection) to their ex-masters, the Turks, are less amicable than the world knows. It is questionable if Turkey can feel quite sure of Arab sympathies in her eventual programme of re-occupation of old territories.

Anti-Turkish sentiments and movements of the Arabs are no less real and profound than the anti-Japanese sentiments and movements of the Koreans, Manchous, Chinese, Filipinos, Indo-Chinese, Siamese, and Indonesians. In the interest of "Asia for Asians", i.e., the removal of Eur-American empires from Asia the Near East is no more likely to submit to Turkocracy or Turkification than the Far East to Japanification or Japanocracy. Every inch of Asia is opposed to foreign rule, imperialism or colonialism, Asian or Eur-American. Each and every region in Asia is struggling for de-colonization or de-imperialization. Each one of these Asian territories is convinced that Japanification and Turkification are but Asian forms of imperialism or colonialism. De-imperialization or de-colonization in Asian estimation implies also de-Turkification and de-Japanification. (*Supra*, pp. 313-314)

1937. Rupert Emerson, *American: Malayasia* (New York). The author deals with two imperialisms or colonial policies, British and Dutch, as obtaining in the geographical complex (Malaya and Indonesia) which separates the Indian from the Pacific regions or rather unites the two into one international system. This work is in the same key,—the liberal American tradition,—as is represented, for instance, by P. T. Moon's *Imperialism and World Politics* (1926). In Emerson's liberalistic ideology imperialism = denial of freedom. It is nothing but the interests of the ruling race that are safeguarded and promoted by imperialist government, says he. One recalls also the British liberal socialist J. A. Hobson's *Imperialism* (London 1900).

1937-38. The Japan-China war rages on many fronts in North and South China. North China becomes virtually another Manchoukuo under Japanese control. (See *China After Four Years of War*, Chungking, 1941).

1937. Poland Through Japanese Eyes (K. K. Kawakami's observations in the *Osaka Mainichi*, Osaka).

Poland, cherishing her past glory, regards Russia as a traditional enemy who destroyed her former Empire which extended from the Baltic to the Black Sea, reaching even to Moscow's gates. This does not mean, however, that Poland wants to fight Russia because she is aware of her limited strength.

Poland thinks of Germany, not as an enemy, but as a dangerous neighbour who must be watched. Poland's foremost task is to keep a *status quo* peace to avert a war between Russia and Germany because such a war is bound to make Poland the battle-ground. Nor does Poland want Russia and Germany to become too friendly, fearing that they will concoct a compromise with each other at Poland's expense.

Thus Poland is like a rope-walking acrobat, balancing a pole with Hitler at one end and Stalin at the other. If Russia becomes too aggressive, Poland restrains her by flitting with Germany and *vice versa*. Poland also exploits her German relations to extract advantages from France and *vice versa*.

Thus Polish diplomacy is similar to Chinese. Foreign Minister Joseph Beck, one of Europe's ablest diplomats, calls Germany and Russia neither Poland's friends nor her enemies but only neighbours. His policy is to keep Poland strictly neutral.

To promote this policy, he is anxious to form a neutral bloc, including Rumania, Poland, Lithuania, Latvia, Estonia, Sweden, and Norway, hoping this will prevent Germany and Russia from springing at each other's throats.

If, however, war comes, Poland thinks herself powerful enough to turn tides favourably for the nation who offers her the best terms. Meanwhile her attitude is one of the impartial neighbour, concluding non-aggression pacts with both Germany and Russia and refusing to sign the German-sponsored anti-communist pact against Russia, declaring herself opposed to the German army's possible passage through Polish territory in the event of a war between Germany and Russia.

Poland, like Austria, is uncompromisingly against communism, but thinks that joining the anti-communist bloc will make her appear as Russia's enemy and not a neutral neighbour. Poland objects to the Soviet's proposal to Britain and France in support of the Eastern Locarno pact, guaranteeing Russia and others their existing territorial boundaries.

This objection has three reasons: first, Poland's acceptance of the Eastern Locarno pact would antagonize Germany which is uncompromisingly against it, second, Poland secretly hopes

to recover some of her former territory from Russia should a Russo-German war prove favourable to Germany; and third, Poland is desirous of remaining neutral and thinks it is unwise to come to either Germany's or Russia's assistance at the war's beginning, preferring to wait until the war's ultimate issue becomes clear.

Poland insists that her French alliance is purely for the protection of her own and France's territories against a German assault, but that it does not oblige her to aid Russia or Czechoslovakia against Germany in case of a German-Russian war.

Foreign Minister Beck emphatically denies that Poland assumes new obligations when she recently borrowed 2,000,000,000 francs from France.

Poland believes that Germany is desirous of keeping Polish friendship and instead of marching through Polish territory, will go through Czechoslovakia and Rumania in case a German advance into Ukraina is made. Polish experts think that Czechoslovakia and Russia can offer no effective resistance and that the German army can reach Ukraina in a short time.

Whether Germany's initial successes will secure an ultimate victory is a different question. The general Polish view seems to be that the German army is qualitatively superior to the Russian army which, although numerically formidable, lacks directing leadership. The great mechanization of the Russian army is considered comparatively useless because the roads are bad and the railways are poor.

Poland believes that Germany will cause no serious trouble concerning Danzig, Memel, or the Polish corridor until she has settled her score with Russia.

Pilsudski's death has left Poland leaderless and his nominal

successor, General Rydz-Smigly, has none of Pilsudski's dynamic qualities. Many expect Foreign Minister Joseph Beck, still young but already an outstanding figure, to eventually assume the leadership. France dislikes him because he is not pro-French enough to suit her conveniences. He was expelled from France, when he was a Paris military *attaché*, for undiplomatic conduct. Naturally he dislikes France, but he has not permitted personal feelings to interfere with the national policy. (*Supra*, pp. 52-55)

1938 *Central European Observer* (Prague) on the Balkan Complex. Germany's economic expansion has been the easiest in the States which were her allies in the World War, like Hungary, Bulgaria and to some extent Austria, where the Reich has only to maintain and develop former ties. It is more difficult in Rumania, Jugoslavia and Czechoslovakia, especially the last,—the "Little Entente" countries which have an inherited enmity to the Germans sharpened by the war experience.

Czechoslovakia has been forced into active resistance to economic expansion by Germany. Under the new law of national defence firms employing foreigners are excluded from government contracts even remotely connected with national defense, and German engineers are being replaced by Czechs.

It is in Rumania that German economic expansion can be conveniently studied. Rumania's Hohenzollern ruler, King Carol, is absolutely Rumanian, but in the traditional anti-Semitism of Rumania Germany finds valuable support.

In Jugoslavia Germany has found two valuable allies, the damage done to Jugoslav foreign trade by the "sanctions" against Italy and the threat to Jugoslav unity involved in Austrian plans for the restoration of the Habsburgs. Jugoslavia's participation in sanctions meant that she lost at one blow her best

customer and principal supplier. In her desire to injure Italy in Ethiopia, who, she is convinced, will tomorrow be a danger in the Adriatic area she did not hesitate to give the fullest support to the League and the sanctions. But it meant great difficulties for a country already in such economic distress that for years depositors have been forbidden by law to draw their money from the banks.

Jugoslavia confidently expected that the League would find other markets for her. Great Britain gave a small preference to Yugoslav poultry over that of Hungary, who had sided with Italy against the League. Jugoslavia was grateful, but there was still the big problem of her important timber exports to Italy, which, of course, had ended.

The Reich's task in Bulgaria is made easier by the war-time friendship and the common revisionist tendencies of the two countries. Furthermore, ex-King Ferdinand, who is still to a large extent the ruler of Bulgaria, since King Boris consults him on every important question, resides in Germany and is an ardent admirer of Hitler.

In 1931 Germany stood second as a supplier of Greece's needs. Greek exports to Germany were only half her imports. In 1934 imports from Germany rose by more than one-half. In the first three months of 1936 they again rose, but Germany's purchases had so far increased that at the end of April the Bank of Greece had credits of \$12,000,000 in Germany.

The situation in Hungary, a wartime ally, resembles that in Bulgaria. Her credits in Germany amount to about \$10,000,000. To obtain recompense she has been accepting quantities of goods such as optical instruments etc.

Under a new cultural agreement just concluded, German

professors will be appointed to German chairs in Hungarian universities and German lecturers will be selected by the Nazi government for Hungarian secondary and high schools.

The problems of the Balkan Complex, the Baltic Complex and indeed of all the regions between Germany and Russia and between the Baltic sea and the Aegean require to be envisaged in the light of the discussions on the League of Nations or the Geneva Complex in relation to the subject races, colonies, dependencies etc existing in Europe for centuries (*Supra*, pp. 232-235, 239-242, 298-299, 316-318).

1938, April Indians in Zanzibar The Secretary of the Clove Boycott Committee (Bombay) issues the following manifesto to the Indian National Congress centres throughout India.

The connection of India with Zanzibar is many many centuries old. In fact, Indian merchants were in trade relations with that country long before any European set foot there, and it was mainly to protect the interests of Indians already settled in Zanzibar that the first British Consulate was established there in the last century.

As is well known, Zanzibar is the home of cloves. Until July 1934 nearly 90 per cent. of the trade in cloves which form the staple industry of the country was in the hands of the Indians. In that fateful year the Government of Zanzibar or rather the Colonial Office of the British Government, for reasons best known to themselves, introduced a series of laws or decrees whereby

- (a) A corporation known as the Clove Growers' Association and controlled entirely by European officials was set up. This Association is a monopolistic body enjoying the exclusive right of internal and external trade in cloves

- (b) Indians, most of whom are connected with cloves trade in one form or another, were for all practical purposes deprived of their long enjoyed trading rights.
- (c) A moratorium was set up which has successfully prevented Indians from recovering moneys due to them from Arabs and Africans
- (d) Galling and humiliating restrictions were imposed upon the right of Indians to buy land directly from Arabs and Africans, and Indians were subjected to many other hardships and difficulties

It is extremely regrettable that the Government of India after about three years' negotiations with the Colonial Office and the Government of Zanzibar completely failed to bring any relief to their nationals in Zanzibar

About the middle of 1937 Congress took up the cause of their countrymen in Zanzibar. Being convinced that the only way to obtain repeal or substantial modification of the unjust laws operating against Indians in Zanzibar was to impose an embargo upon the import of cloves into India, Congress decided to organize a complete boycott of import, sale and use of cloves

As the boycott movement became more and more effective, prices of cloves still left in the country soared higher and higher so much so that in February last they stood over 100 per cent. higher than what they were last year. The temptation to make easy money proved too much for some of the unpatriotic and greedy dealers who, encouraged and supported by the Clove Growers' Association of Zanzibar, began to smuggle cloves into India by having recourse to all sorts of shady and underhand methods. Congress came to the conclusion that the nefarious

and anti-national activities of these undesirable dealers could be successfully frustrated if only Indians voluntarily abstained from the use of cloves in any form or shape

Congress is satisfied that the obstinate and prejudiced Government of Zanzibar will not rescind the unjust laws passed against Indians so long as it is not brought home to them that Indians in India will have nothing to do with cloves until the trading rights of Zanzibar Indians are restored and justice done to them (*Supra*, pp 222-224, 281, 286-287)

1938, April 4 Asia as Field for Japanese Trade.²¹

Japan imports from Asia more than 870 million yens worth of goods. Asia's contribution thus amounts to 35 per cent of Japan's total imports. It has come down from 39 per cent in 1922 showing Japan's trend towards independence of supplies from Asia. On the other hand, Japan's exports to Asia, worth 1304 million yens, constitute 52 per cent of her total exports to the world. In 1922 they made up only 41 per cent. Japan's penetration into the markets of Asia has thus become more extensive and deep.

As sources of supply from Asia for Japan the most important are India (306 million yens), Manchoukou (191 million yens) and China (133 million yens). The leading markets of Japan in Asia are Kwantung Province (300 million yens) in Southern Manchuria, India (276 million yens), China (149 million yens), the Dutch Indies (143 million yens) and Manchoukou (196 million yens).

24 B. K. Saikar's lecture at Bengali Asia Academy published in the *Amrita Bazar Patrika*, Calcutta, 11 April 1935. See also "The Meaning of Japanese Expansion" in *Pol. Phil.*, Vol. II, Part III, pp 132-142.

The importance of Manchoukuo in the Japanese economy has been growing by leaps and bounds. Since the depression the imports from Manchoukuo have increased nearly five times while those from India nearly twice and a half,* Japanese exports to Manchoukuo have increased nearly eleven times while those to India less than three times.

Manchoukuo's competition with India both in Japanese imports and exports is an outstanding fact of the Asian and world economy of today. Beans and peas, oil seeds, leather, hides and skins, oil cakes and pig iron are some of the items in which Manchoukuo competes with India as supplier to Japan. In 1935 Manchoukuo delivered nearly 19 millions worth of pig iron against Indian 13 millions. Manchoukuo's deliveries of coal, pig iron and oil cake to Japan are very substantial and her takings of cotton tissues have increased ten times during the last five or six years.

Raw cotton is the vulnerable point of the Japanese economy still. But with the newly acquired command over the agricultural resources of North China Japan is likely to possess cotton belts in her own sphere. Altogether, Japan has been growing into the most "autarchic" or self-sufficient and commercially the strongest of the world-powers.

The phenomenal triumphs of Japan in technocracy, capitalism and social welfare should inspire Young India to push its *swadeshi* movement to the next higher stage of its possibilities. There is every chance of India's industrial influences on the world-economy expanding in the same manner as Japan's. The relatively lower standard of material life combined with high degree of manual skill, general intelligence and sturdy moral qualities is the greatest capital of the Indian people as of the

Japanese in the struggle for power and self-assertion among the nations of the world

1938, June Mary Townsend, "The German Colonies and the Third Reich" (*Political Science Quarterly*, New-York) At the *Parteitag* (annual party meeting) at Nurnberg in September 1936 Hitler insisted upon "Germany's right to colonies" as a part of the "peace proposals" The emphasis was thereby shifted from the economic to the political plane The restitution of the lost empire became a question of prestige for Germany Hitler's growing boldness coincided with the general destruction of German isolation and especially the establishment of the Rome Berlin axis on October 25 1936 (Cf R Thurnwald *Koloniale Gestaltung*, Hamburg, 1939) (*Supra*, pp 303-304 *Infra*, 353)

1938, June P T Homan in his paper entitled "Must it be war with Japan?" in the *Political Science Quarterly* (New York) warns the anti-Japanists of the U S to the effect that if their policy be heeded the United States would but be helping forward the imperialist games of the European powers under false pretenses "If the U S ever fights Japan", says he, "the significance of the war will be in protecting the *status quo* of European trade and European empires in Asia, not in protecting its own specific rights and interests nor in holding the world's political conscience" (*Supra*, p 315)

1938, August British Empire Problems A great variety of problems affecting practically every portion of the British Empire have been discussed by the British Commonwealth Relations Conference, in session at the Lapsone Hotel, Near Sydney (Australia)

An official announcement states that the discussions have been on the " frankest possible basis " There have been "sharp

differences of opinion" but the "friendliest possible atmosphere" has been maintained.

The conference has been criticised by some sections of the Australian Press for its "hush-hush" policy of meeting in camera. Conference delegates reply to this by saying that the presence of reporters would stifle frank discussion.

Official *communiqués* reveal that the following problems have been discussed.

India's Problems: Delegates spent nearly two hours examining Indian affairs.

A plea by one delegate for the right for Indians to migrate to other Dominions caused some argument.

The delegate claimed that as India was part of the Empire, Indians were entitled to migrate to other parts of it.

Other speakers pointed out difficulties which would arise in different Dominions, if such a course were followed.

The question, they said, raised the compatability of the standard of living in India with that in other Dominions.

On the other hand, it was stated that the Government of India had been most anxious to implement all International Labour Office conventions.

In discussion of the effects of the new constitution in India the view was expressed that Indian public opinion was disappointed about the amount of autonomy in the Federal sphere. It was stated that the aim in India was for full Dominion Status, and that if this was attained there could be no fear that India would sever any Empire associations. On the contrary, those associations would become stronger, because India as a whole would be happier.

The Indianization of the Army was discussed, especially whether the rate at which it was proceeding was satisfactory

Some delegates urged that it be quickened. Others said that this would be very difficult.

A delegate expressed the view that public opinion in India was against the Japanese campaign in China, but Anglo-American intervention, which would crush Japan, would not be welcomed in India, because it was felt that China, Japan and India could represent an Asian point of view to the rest of the world.

Mandates The delegates were informed by speakers that the question of the return of New Guinea to Germany was not yet a burning one in Australia

It was felt that in the long run the future of New Guinea would depend on two factors (1) What action other mandatories would take in handing back their mandates for the sake of appeasing Germany, (2) On what conditions when the question might be raised

Delegates wondered whether, if Australia gave New Guinea back to Germany, that country would be a menace or whether it should be regarded as a possible defence against any threatened southward expansion by the Japanese

Replies to questions about New Zealand's attitude towards her Samoan Mandate indicated that New Zealand did not desire to hand back Samoa to a Fascist Germany

A considerable time was spent discussing the mandate of South-West Africa.

The development of air-travel, it was pointed out, had brought the territory within three hours' travel of Cape Town. South-West Africa would furnish a splendid base for ships, and

these questions would have to be considered when there was any discussion about returning the mandate to Germany.

South Africa On the subject of economics one delegate said that if gold was demonetized, South Africa would be back to the era of the ox-waggon.

The general feeling following the discussion was that South Africa had vital racial problems to face, and that South Africa would itself find the solution. Delegates gathered the impression that the relations between the white races—British and African—were improving.

White Australia The "white Australia" policy was questioned by several overseas delegates. There was general agreement that the policy was based on economic and not on racial or biological prejudices. It was essentially a national and not a political policy.

When migration was discussed, it was agreed that if Australia was going to have assisted migration, there was not much promise in large group schemes. If it was to be assisted migration then in the interests of this country it should be confined to adolescents who would have the opportunity to become Australians.

The Flarbridge Farm School idea and the Big Brother Movement were mentioned as admirable channels for migration.

The opinion was also expressed that Australia could not look to Northern European countries for large numbers of migrants because those countries had their own population problem.

Delegates were informed that there was little prospect of the Dominions securing many young people from Great Britain. Delegates suggested that there should be instituted a long term

plan of migration, by which the Dominions would indicate what secondary industries were lacking skilled labour, and generally to inform Britain what type of migrants were required.

Delegates were informed that Britain's population could no longer be regarded as a reservoir, as it was declining.

Canada's Difficulties Canadian delegates emphasized the difficulties of Canada as a member of the British Commonwealth.

It was pointed out that, as a result of Canada's geographical position, American opinion ran into Canada to a greater extent than the opinion of any other country ran into any other Dominion.

Canada virtually lived in the arms of the United States and it was important for Canada's future welfare that she should maintain the best possible relations with the United States while at the same time remaining a firm member of the British Commonwealth.

From the economic point of view, delegates were told frankly that Canada was not so dependent upon Great Britain as were some other Dominions. There was an enormous market in the south, and trade with the United States was actually more important to Canada than her trade with Britain.

Canada, delegates were told, stood to gain the least and suffer the most by her connection with the British Commonwealth. But there was no suggestion that because of this fact there was any desire or any tendency to break any from the Commonwealth.

Upon the question of Canada's attitude in the event of war, it was stated that it would be difficult to persuade French Canadians to take part in any conflict against a Catholic enemy country or to endorse any alliance with Russia. Nevertheless,

Canada was developing an air force as a strong measure of defence.

Ottawa Pact: Delegates spent some time discussing the Ottawa Treaty, and there was some difference of opinion as to its value. There was one section which considered that the treaty had stimulated trade within the British Commonwealth, but, on the other hand, that it had been a barrier to world trade.²⁵

There was full and frank discussion on foreign policy and many points of view were presented.

There was a general feeling that once collective security went by the board Britain would have to rearm to a greater extent before she could take further steps. This discussion covered British foreign policy for the past 10 years, and it was indicated that it would be discussed more fully when the question of imperial defence was before the conference.

Jewish Refugees: At a public session of the Conference Professor Norman Bentwich, Professor of International Relations at the Hebrew University of Jerusalem, stated that Australia and other Dominions had borne only a small part in the absorption of Jewish refugees from Austria and Germany.

He felt that the Dominions could do much more. Captain Victor Cazalet, M.P. declared that Christianity would be condemned unless it made a serious effort to find a solution of the problem. The infiltration of Jews in the Dominions in small numbers was merely the beginning of the whole question.

What was wanted was another huge system of community settlement such as that begun in Palestine.

²⁵ B. K. Sarkar: *Imperial Preference vis-à-vis World-Economy* (Calcutta 1934) and *Indian Currency and Reserve Bank Problems* (Calcutta 1932, 1933).

1938, August China a "Puppet of the West in Yone Noguchi's Estimation"²⁶

Writing to the editor of the *Ananda Bazar Patrika*, a Bengali daily, Calcutta, Yone Noguchi the Japanese poet of Tokyo, says in part as follows (July 29 1938)

The principle of 'divide and rule' was also practised in China by the Western countries. They had been afraid for their interest that the two countries of Asia, China and Japan, would become one. And observing on the other hand the traditional policy of 'checking one country by power of the other', China attempted to evade the natural approach of Japan.

Now calling it 'war of punishment,' the present campaign is meant to bring China to a better understanding for the realization of "Asia for Asia," and to let her know that either wiles or Machiavellianism is powerless against righteousness.

Noguchi makes a distinction between China and the general mass of Chinese on the one hand and the party led by General Chiang Kaishek on the other. In the letter to Gandhi (July 20, 1938) this differentiation is brought out boldly as follows:

It is pity, however, that being backed by the West with commercial purpose China, I mean the Kuomintang government, became arrogant from flattery or her own pride, and broke a neighbourly friendship, taking up an anti Japanese campaign as the nation's only programme, she never stopped to think even for a moment what a strong fist her small island neighbour was.

The huge money that the Chinese government borrowed from the West in the past was foolishly spent for fire-arms, but

²⁶ The three letters are published in the *Hindustan Standard* and *Ananda Bazar Patrika* of Calcutta on 26 August 1938.

not for her own people who were suffering from poverty and ignorance. I should like to know where in the world history is a similar case to the present war, for we have to help the masses of China besides defeating their government. Wherever one goes in the place of the Japanese occupation, he will be surprised to see how the Chinese co-operate with our soldiers in mending the houses their bullets damaged, and in rebuilding a railroad bridge that the Chinese soldiers ruined before they ran away. The Chinese masses are with us, because they know that our enemy is only their misguided government.

No one can deny the truth in the survival of the fittest. One who is morally strong only manages to prosper. The high officials in China, who grow fat and selfish from bribetaking and intrigue, have now to answer to God's impeachment. When I say that the present war is a declaration towards the West to leave hands from Asia, I believe that there are many people in India, who will approve of us.

To Rabindra Nath Tagore Naguchi likewise addresses a letter (23 July, 1938) in which a *Leitmotif* is "Asia for Asians". The communication, which is substantially the same as the one to Gandhi, reads in part as follows:

When I visited you at Shanti-niketan a few years ago, you were troubled with the Ethiopian question and vehemently condemned Italy. Retiring into your guest chamber that night, I wondered whether you would say the same thing on Japan if she were equally situated like Italy. I perfectly agreed with your opinion and admired your courage of speaking, when in Tokyo, 1926, you censured the Westernization of Japan from a public platform. Not answering back to your words, the intellectual people of my country were conscious of its possible conse-

quence, for, not only staying as unpleasant spectacle, the Westernization had every chance for becoming anything awful.

But if you take the present war in China for the criminal outcome of Japan's surrender to the West, you are wrong, because, not being a slaughtering madness, it is, I believe, the inevitable means, terrible it is though, for establishing a new great world in the Asiatic continent, where the "principle of live-and-let-live," has to be realized. Believe me, it is the war of "Asia for Asia." With a crusader's determination and with a sense of sacrifice that belongs to a martyr, our young soldiers go to the front. Their minds are light and happy, because the war is not for conquest, but the correction of mistaken idea of China, I mean Kuomintang government, and for uplifting her simple but ignorant masses to better life and wisdom. Borrowing from other countries neither money nor blood, Japan is undertaking this tremendous work single-handed and alone. Since the best part of the Chinese continent is already with us in friendly terms, we are not fighting with the whole of China. Our enemy is only the Kuomintang Government, a miserable puppet of the West. If Chiang Kaisuhek wishes a long war, we are quite ready for it. Five years? Ten years? Twenty years?—as long as he desires, my friend. Now one year has passed since the first bullet was exchanged between China and Japan, but with a fresh mind, as if it sees that the war has just begun, we are now looking the event in the face. After the fall of Hankow, the Kuomintang Government will retire to a remote place of her country, but until the Western countries change this attitude towards China, we will keep up fighting with fists or wisdom.

The Japanese poverty is widely advertized in the West,

though I do not know how it was started. Japan is poor beyond doubt,—well, according to the measure you wish to apply to. But I think that the Japanese poverty is a fabricated story as much as richness of China. There is no country in the world like Japan, where money is equally divided among the people. Supposing that we are poor, I will say that we are trained to stand the pain of poverty. Japan is very strong in adversity.

But you will be surprised to know that the postal saving of people comes up now to five thousand million yens responding to the Government's propagation of economy. For going on, surmounting every difficulty that the war brings in, we are saving every cent and even making good use of waste scraps. Since the war began we grew spiritually strong and true ten times more than before. There is nothing hard to accomplish to a young man. Yes, Japan is the land of young men. According to nature's law, the old has to retire while the young advances.

China could very well avoid the war, of course, if Chiang Kaishek was more sensible with insight. Listening to an irresponsible third party of the West a long way off, thinking too highly of his own strength, he turned at last his own country, as she is today, into a ruined desert to which fifty years would not be enough for recovery. He never happened to think for a moment that the friendship of Western countries was but a trick of their monetary interest itself in his country. And it is too late now for Chiang to reproach them for the faithlessness of their words of promise.

Today we have to turn our deaf ears towards a lesson of freedom that may come from America, because the people there already ceased to practise it. The ledger-book diplomacy of

England is too well-known through the world. I am old enough to know from experience that no man is better than others, while our country is no worse than others. Though I admit that Japan is today ruled by militarism, natural to the actual condition of the country, I am glad that enough freedom of speaking and acting is allowed to one like myself. Japan is fairly liberal in spite of the war time.

In all the three letters Noguchi emphasizes the point that in China Japan is not fighting the Chinese people but Western domination, i.e., Eur-American imperialism in China and the East-Asian sub-continent. In his presentation, moreover, Chiang Kaishek is the representative of a very small part of China.

1938, September The Munich Agreement.

Germany, whose representatives in 1919 were not permitted even to read or see the articles of the Treaty of Versailles before signing it, has under Hitler grown powerful enough to compel the dictators of Versailles to come to Munich and sign an agreement dictated by herself. The three million and a half Germans of the Sudetenland belonging to Czechoslovakia ate by his agreement to be handed over to Germany by Czechoslovakia without a word of protest from anybody on the surface of the Earth, nay, with the blessings of Czechoslovakia's creators and guardians.

Versailles, which created Czechoslovakia out of Czechs, Germans, Slovaks, Poles, Magyars and Ruthenians, is thus being unmade by Hitler through its own architects. The League of Nations as a political body is virtually defunct. The unmaking of Versailles has been going on since Hitler conquered Germany in 1933 and inspired the German people to acts of vengeance upon the humiliation inflicted by the victors in 1919. In defiance of Versailles and in defiance of the League, National-socialist

Germany began with rearmament, got back the Saar (1934), occupied the Rhineland with military forces (1936), got the *Anschluss* (union) with Austria consummated (March 1938), and what is more, now takes possession of Sudetenland which belonged to Austria-Hungary but never to Germany. In this series of *la victoire des vaincus* (victory of the vanquished), to use the title of the French author André Fribourg's book on German policy since Prussia became a great power, the world is getting orientated to a revolution in international relations. If Versailles was manufactured by force, it is by force, again, that it is being destroyed inch by inch. Mankind is now in for a new world-war of great powers, middling powers and subordinate powers. Be it noticed, further, that the recovery of German colonies by Hitler is one of the last nails that remains yet to be struck on the coffin of the Versailles system. And to that also National-socialist Germany is addressing herself quite seriously after the Munich Agreement (*Supra*, pp. 232-235, 342).

Hitler's Germany happens to be backed for the moment by Fascist Italy on account of the Abyssinian war (October 1936) constructed at the end of the Rome-Berlin axis which was against the "economic sanction" declared by the League of Nations under pressure from Great Britain and France. She is therefore militarily too strong to be resisted and browbeaten by these two powers as guardians of Czechoslovakia. They cannot depend on military assistance,—they rather fear this assistance—from Soviet-Russia, France's virtual ally since the pact of May 1935, because they suspect that what Soviet Russia is really aiming at is not so much the strengthening of Czechoslovakia and the consolidation of the allies as the long-deferred class-war or social revolution in every country of Europe, including France.

and Great Britain. The "United Front" strategy of the Comintern since 1935 leaves no doubt that the enemies of Bolshevik ideology are not Germany and Italy as such but the bourgeoisie everywhere,—in Great Britain, France, and Czechoslovakia as much as in Italy and Germany. Chamberlain and Daladier therefore consider it prudent to reject and renounce the military co-operation of Stalin. "God help us from our friends" appears to be the ideology of their *Realpolitik* (*Supra*, pp. 293-294, 303-304).

Prudence is injected into Anglo-French diplomacy *vis-à-vis* Germany from considerations of the Far Eastern situation also. Japan is a virtual ally of Germany and Italy (since November 1936). She is, besides, already the *de facto* master of North China and is dangerously close to French Indo-China and British Burma. Nor can it be overlooked that she is on friendly terms with Siam. Any major operations in Europe will compel Great Britain and France to slacken their attention in Asia. The U.S. mentality is not yet bellicose enough to encourage entangling alliances in favour of Great Britain and France. The risks of these two powers in Asia are therefore too great to play with in the interest of a Quixotic adventure in Central Europe. The Indian National Congress as well as the other publicists of Young India are, moreover, not yet reconciled to the British treatment. The expulsion of Europeans from Eastern and Southern Asia is an eventuality of which Great Britain and France are painfully conscious in September 1938.

The fear of ignominious retreat from Asia as well as the fear of armed proletarian risings against the captains of industry, military general staff, plutocracy and so forth in every country of Europe are the two profoundest urges behind the pacifistic politics of Chamberlain and Daladier. They have served to save

Europe from the throes of a more violent Bolshevik revolution than that of 1917-1922 as well as to save Asia for domination by Eur-American albinocracy.

That England and France cannot depend with security on Soviet Russia's armed co-operation is clear to the French industrial employers as well as to the British Foreign Office. That Japan is solemnly watching the annihilation of British and French domination in China and the Pacific is known as much to the British, French and Dutch statesmen as to the American. A great war in Europe, i.e., a world-war would be a God-send to Japan as this would enable her to function as the active member of the Berlin-Rome-Tokyo *Dreieck* (triangle) in Eastern Asia while Italy functions in Africa and Western Asia, and Germany in Europe.

Nor is the Indian National Congress mentality a negligible factor in the *Geopolitik* of today as understood by Great Britain. Virtually every war by Great Britain is taken in the nationalistic or socialistic mentality of India as an "imperialist war." At the Haripura session in February 1938 the following is one of the fighting resolutions carried by the Congressists: "India can be no party to such an imperialist war, will not permit her manpower and resources to be exploited in the interests of British imperialism. Nor can India join any war without the express consent of her people. The Congress, therefore, entirely disapproves of war preparations being made in India. In the event of an attempt being made to involve India in a war, this will be resisted".

In spite, therefore, of India's moral sympathy with Abyssinia against Italy, with China against Japan, and with Czechoslovakia against Germany, India is not in a mood to help in an

effective manner the war of Great Britain against Germany, Italy and Japan. If Great Britain, therefore, advise France to renounce her obligations to Czechoslovakia and reject the offer of military support from Russia she does so because her reading of *vishwashakti* (world forces), the international conjuncture, is entirely realistic and perhaps quite correct.

Altogether, the Munich Agreement is a prelude to the re-drawing of maps in Europe, Africa as well as Asia. It is likewise preparing the political mind of mankind for new conceptions of nationality, nation-states and national boundaries. The world has been taught by the creative disequilibrium as embodied in the Munich Agreement to be convinced seriously that the nationalistic hotch-potches cooked at Versailles for the peoples of Europe are in need of being re-hashed for assimilation by reasonable human beings.

1938, November. India's Foreign Policy.

Rash Behari Bose, an Indian publicist living in Tokyo (Japan), takes the Indian National Congress leaders to task for speaking one sidedly and without realistic sense against Germany, Italy and Japan. His manifesto is thus worded ²⁷

The Sudeten German problem ought to furnish the Congress leaders with sufficient intelligence to understand the present tendency of the world and make them revise their hitherto taken antagonistic stand in regard to the Fascist countries. For the last few years, especially after the out-break of the Sino-Japanese conflict, it has almost become a fashion for some of the Congress leaders to attack and condemn and abuse the Fascist countries indiscriminately. They do not know what harm they do to the

²⁷ Published in the *Amrita Bazar Patrika*, *Hindusthan Standard* and *Ananda Bazar Patrika* (in Bengali) of November 22-24, 1938

cause of Indian freedom by their unwise action. The other day Pandit Nehru during the course of his tour in Europe did irretrievable damage to the cause of India by his wild utterances against the totalitarian states. His was a most unwise action and it only served to create more enemies for India.

Since the beginning of the Sino-Japanese conflict, a section of the Indians, particularly those belonging to the Congress, has persistently carried on anti-Japanese activities of various kinds.

India's foreign policy ought to be to make as many friends in the world as possible and to avoid creating enemies. Particularly they should follow the principle, "England's enemies are our friends". They fail to take cognisance of the fact that by creating enemies of the first class Powers in the world, they simply help the British and the prolongation of the British rule in India.

In this connection, let us contrast the attitude of British statesmen to that of the Indian leaders. Britain supported Ethiopia against Italy. In fact it was British instigation which led Ethiopia to offer resistance to Italy. When Britain found that this policy was not conducive to British interests, she at once changed her policy and sacrificed Ethiopia to court the friendship of Italy. The Sudeten problem is the latest instance of how Britain changes her policy to her own interests by securing the good-will of strong Powers, whether they are Fascistic or democratic states. In the beginning, Britain threatened Germany. But her threat rather had the opposite effect. Germany became more determined and Britain was compelled to surrender completely and sacrifice Czechoslovakia for her own interests. The Spanish problem, too, will be settled in favour of General Franco, since it is Britain's policy now to secure the

friendship of Germany and Italy, the two rising nations in Europe. Britain who took the leading part in giving assistance to the Republican Government of Spain will now sacrifice it for her own interests.

In international politics self-interests always play the most important part. It is not ideals, however noble they may be, but actual material interests that determine the foreign policy of a nation. India and the Indian leaders should take a leaf out of it. India's first and foremost concern should be how to protect and promote India's interest.

India is now fighting a life and death struggle. Her national policy should be to seek the friendship of the potential antagonists of her enemy—Germany, Italy and Japan are today the rivals of England. It should therefore be India's national policy to secure the friendship of these countries. If the Indian leaders fail to heed this warning and act accordingly, I am sure Britain will take advantage of the situation, come to terms with these countries, and secure their consent to the perpetuation of British rule in India.

While reading this criticism of the nationalist journals and leaders by Rishi Behari Bose one has to call attention to the fact that the Indian National Congress has in its Haripura Session (February 1938) categorically dissociated itself by a resolution from any war that may be undertaken by Great Britain, e.g. against Germany, Japan or Italy.

Replying to a question at a Press Conference at Lucknow in November 1938 to discuss in detail the Congress policy in the event of a war, Subhas Chandra Bose, President of the Indian National Congress, observes as follows: "Before we can decide our policy with regard to China in the event of the British

Government and the U S A joining hands to crush Japan, we shall have to consider whether by helping Great Britain, we shall save China for the Chinese people or for British imperialism" ^a

Commenting on this declaration of the Congress President, the daily *Advance* (Calcutta) writes an editorial entitled "India's Foreign Policy" on 25 November as follows "We can assure the Congress President, although he may not require any such issuance, that Britain will never go to war unless with the motive of protecting her vital interests or securing some gain Britain cannot possibly be invidious for the independence of China"

1938, November At the All-India Hindu Mahashabha's session at Poona (Bombay), November, 1938, which is attended by some twenty thousand persons the president, Vinayak Savarkar, speaking on the "foreign policy of India", says among other things that it is neither patriotic nor wise on the part of Indian statesmen to preach hatred against Germany and Italy, because of their political ideologies National-socialism and fascism have worked like magic among the Germans and the Italians These peoples have with the help of their new political philosophies succeeded in acquiring a position in the world which they had never had before These "isms" are wonderful in their curative effects Whatever be the constitutional forms acceptable to the Indians it is too much for Jawaharlal Nehru when he poses as the exponent of entire India while criticising and condemning Germany The peoples of Germany, Italy and Japan ought to be informed in no indistinct manner that millions of Indians who are not represented by Nehru possess no unfriendly feeling against Germans, Italians and Japanese The constitutions of Germany, Italy etc are suited to their own conditions and have been created by themselves It is no part of

Indian statesmanship to find fault with them for their independent creations.²⁸

² 1938, November-December J. C. Le Clair. "French Indo China" (*Far Eastern Mirror*, New-York) The landing of the Japanese marine in the island of Hainan is feared in Indo-China as a bomb-threat to the Annam-Yunnan Railway. A danger to Indo-China is being seen in the prospective alliance between Japan and Siam (Thailand).

Japanese economic penetration has up till now made comparatively little headway in Indo-China, due to severe restrictions imposed by French decree. These have not only applied specific quotas on Japanese cotton, but also have brought about the imposition of an exchange compensation surtax of 25 per cent. of the assessed duties of all other Japanese imports into Indo-China. Through this it has been hoped not only to curtail purchases from Japan, but also to exert a psychological influence in order to prevent possible extension of Japanese influence as the champion of the yellow races. This last, as a movement, had its inception in 1905 after the Russo-Japanese War, and with varying fortunes has persisted to the present hope of Japanese support for an Annamite uprising against French control.²⁹

After the conquest of Annam in 1885, the French desired to safeguard their interests by agreement with China to the effect that the three southern Chinese provinces of Yunnan, Kwangsi, and Kwangtung would never be ceded to any foreign power. However, this failed, due to the opposition of the British, who

²⁸ For Savarkar's political views see *Pol. Phil.*, Vol. II, Part I, pp. 253, 275-281, 315-316.

²⁹ For a study of the internal condition see T. E. Ennis *French Policy in Indo China* (Chicago, 1936).

at the time may have had in mind plans based upon their own control of Hong-Kong.

That the strategic value of the present much-discussed island of Hainan was recognized is evident in an agreement of March 1867, by which Britain compelled China to agree not to concede or lease this land to any country for the purpose of establishing a naval base or refuelling station.

Up to late years the French attitude toward Japanese aspirations in China was one of benevolent neutrality. The main reason for this was a treaty between the two countries signed in 1907. In the well-remembered imperialistic phraseology characteristic of the period (this treaty defined France's potential territorial interests in China as the provinces of Yunnan, Kwangsi, Kwangtung, with Japan to have similar freedom of action as to the provinces of Manchuria, Mongolia, and Fukien. It is generally believed that this situation was instrumental in toning down the Lytton Report of 1932 condemning Japanese activities in Manchuria.)

However, as possibilities inherent in recent Japanese activities have become clearer, the attitude of the French has been definitely modified, and today France appears to have made common cause with the other Powers facing similar conditions with regard to their possessions in Asia. Evidence of this is seen in the frequent rumours, although officially denied, that the latter has reached a definite understanding in Tri-Power Agreement with British and Dutch authorities. In the event of attack the naval bases of Singapore and Sourabaya would be made available to the warships of all parties to the Agreement.

In the analysis of the American author, Le Clair, it is European imperialism or albinocracy that has robbed China of her possessions and freedom. Japan is but a new-comer in the

game as a junior colleague to the white colonialists. And yet she has to be on the defensive against an eventual combination of the British, French and Dutch empires. This serves to explain the psychology of *Asi for Asians*—the Asian Monroe Doctrine.

1938 December. C. N. Menon discussing the position of Indian settlers in Ceylon at the First Indian Political Science Conference (Benares) observes as follows. The problem of Indians abroad is everywhere the same: we are denied the benefits of the prosperity created by our own labour. When the prosperity is stabilized we are squeezed out. Ceylon has undeveloped land where she allows Indians to sweat but not to settle. Our labour has always been exploited. The agitation against Indians was to prevent Indian labour from organizing itself. The present Indo-Ceylon trade agreement is unjust to India. There is need of permanent committee like that which organized the boycott of Zanzibar cloves.

1938 December. Natal Indian Congress is in session at Durban (South Africa). Swami Bhawan Dayal Sanyasi is President—observes that Indians are still suffering from undemocratic laws in a democratic country. A resolution deplotes the fact that the Government has failed to remove some of the barriers to trade based on racial discrimination as recommended by the Industrial Legislative Commission of 1934. Another resolution deplotes that although the law makes no racial discrimination the authorities have factually introduced it in dealing with applications for licenses by Indians. The spirit of the licensing clause in the Capetown Agreement is thus being tampered with.

The politics of inter-racial relations and the East-West complex are dealt with at length in *Pol Phil* Vol II Part III (1947) pp. 116, 126, 132, 150, 308, 312.

1938. R. W. Seton-Watson: *Britain and the Dictators* (London). In the judgment of this British scholar the covenant of the League of Nations should be detached from the peace treaties. He goes so far as to suggest that the economic clauses of the Versailles complex should be declared inoperative. He would like to have the war-guilt clause re-defined. Nay, the assertion that Germany is unfit to administer the colonies should be withdrawn. Altogether, Seton-Watson's views are in agreement with those of the British economists, historians and statesmen who have since the publication of Keynes's *Economic Consequences of the Peace* (1919) been gradually forced to feel that Germany is more sinned against than sinning. These are the logical and moral foundations of the "appeasement" policy followed by Chamberlain with so much popular approval *vis-à-vis* Germany. While the case for Germany has been made out by Seton-Watson, he is however anti-Italian to the core. Italy's ambition to dominate the Mediterranean, the Middle East and Africa is his bug-bear.

The anti-German tendencies of British public life may be seen in L. S. Amery's *German Colonial Claim* (London 1939) and F. S. Joelson's *Germany's Claim to Colonies* (London 1939). In order to comprehend the pluralistic strands of British thought it would be worth while to come into contact with the anti-Chamberlain ideology of W. S. Churchill's *While England Slept* (New York 1938). In *Munich and the Dictators* (London 1939), be it observed, Seton-Watson changes his pro-appeasement attitude.

1938, December. On the Chinese mainland, especially in North China and on the Chinese coasts Japan has been acquiring such a military position because of the absence of challenge from

the Eur-American powers that she can almost issue at last a Monroe Doctrine for the East. Her steady progress in the politics of Young Asia since the event of 1905 has succeeded in factually revolutionizing the *status quo* of international relations towards the end of 1938. This is another instance of 'creative disequilibrium' in world politics.

1939 Amai Singh (Lahore) *Japan's Viewpoint*. In the Sino-Japanese hostilities, the interests of Great Britain, France and United States of America were greatly prejudiced in China. But Great Britain silently watched all this and did little or nothing to "chastise" Japan.

The French settlement at Shanghai suffered severely due to the Sino-Japanese hostilities. Several buildings in the French settlement were occupied by the Japanese military but the French Government raised only very mild protest.

The bombing of the U.S.A. battleship "Panay" was an important anti-American act of Japan. The Japanese drive in China seriously prejudiced American interests. But America, which together with Great Britain so often claims the right of moral tutorship of the East, did nothing to help stop the war. Why did she not act on her lofty sentiments? The answer of course is simple. Her commercial interests in Japan are too great. Japan is one of her best customers.

Whereas the interests of Great Britain, France and the United States were seriously prejudiced in China, the Indian interests were not jeopardised. But the Indian National Congress leaders cried from their house tops for the boycott of Japanese goods. They passed resolutions enforcing "sanctions" against Japan. Japan has been India's good customer and until 1937 her present Indian critics recognized Japan as India's great

friend. The change of Indian mentality against Japan was sudden, ill-advised and certainly based upon ignorance of the situation. If viewed through *swadeshi* spectacles, anti-Japanese propaganda should not have been started in India.

What really lies behind all this prejudice against Japan? What lies at the root of world-wide indignation against Japan? Many would like to answer: "Our conviction that Japan is the aggressor." I have serious doubts as to the honesty of that answer. The part of all the foreigners in China is not so impressive in its witness to a high sense of responsibility towards the helplessness of China. (*Supra*, pp. 360-361).

Behind all the prejudice against Japan there lies,—none can deny it,—fear and annoyance at Japan's amazing progress in the economic world.

Those who at Shanghai and elsewhere have erected monuments to their own cupidity at the expense of China are ill-fitted to condemn Japan's desire to develop China. And while the attitude of the other Powers towards Japan is represented by America's exclusion law, Australia's dog-in-manger policy, and by a general policy of commercial jealousy, they can scarcely claim the moral right to set themselves up as Japan's judges.

Japan has little to hope from the policy of co-operation with the Western Powers in the solution of the Far Eastern problem. That may be a regrettable fact, but it can scarcely be disputed. For well-nigh 50 years that policy has been tried. It has only resulted in the perpetuation of China's unrest by encouraging the powers that be in China to play off one power against another.

From the Treaty of Shimonoseki, 1895, down to Versailles and the Washington Conference, the Western Powers have con-

tinued the same policy of merely advancing their own interests at the expense of China and Japan. The climax was reached when after the Washington Conference America induced Great Britain to sacrifice the Anglo-Japanese Alliance.

So far the Western Powers have contributed little or nothing to stable order in the Far East. They have been content to look on China merely as a field of commercial self-interest. So Japan tries to tackle the great task alone and in tackling it she sincerely believes that she is fulfilling her true mission as stabilizer of the Far East.

1939 Carlo Scarfoglio *England and the Continent* (London). This Italian interpretation of British foreign policy is to be taken as the other side of the shield as exhibited in Seeley's *Expansion of England*. According to Scarfoglio England has coaxed, deluded or bullied into war continental nations who would greatly have preferred to stay at peace.

1939 The Anti-Comintern pact (the axis of the triangle) is joined by Hungary and Manchukuo in February and by Spain in April as soon as General Franco wins the civil war.

The pact is renewed for five years in November 1941 during the second round of the Anglo-German war and expanded by new adhesions from among victorious Germany's allies and associates (*Supra* pp. 300, 319, 342).

1939 April 7 General Franco of Spain joins the axis and the anti-Comintern triangle at the end of the civil war.

1939 July 22 The Tokyo Formula.

The declaration agreed upon by the British and Japanese Governments at Tokyo on July 22nd 1939 is as follows:

His Majesty's Government in the United Kingdom fully recognize the actual situation in China where hostilities on a

large scale are in progress, and note that as long as that state of affairs continues to exist, the Japanese forces in China have special requirements for the purpose of safeguarding their own security and maintaining public order in regions under their control, and that they have to suppress or remove any such acts or causes as will obstruct them or benefit their enemy. His Majesty's Government have no intention of countenancing any acts or measures prejudicial to the attainment of the abovementioned objects by Japanese forces, and they will take this opportunity to confirm their policy in this respect by making it plain to British authorities and British nationals in China that they should refrain from such acts and measures."

The Financial News (London), July 26, comments on this as follows: "The Tokyo formula may be thought neither so complete a victory for Japanese diplomacy, nor so heavy a blow to British prestige as seemed probable from the early reports. The difficulties of our position in the Far East were tacitly admitted long ago, when the Tientsin incidents were followed neither by direct action nor by any results from the tentative discussions which were known to have taken place with the Dominions on the possibility of economic sanctions against Japan."

The Sunday Times (London), July 23, says:—"It would be a violation of our neutral duty to let our sympathies with China colour our interpretation of our rights as against Japan... The strictest neutrality is incumbent on us unless we are prepared to take the Chinese side. We should, in the first instance, so present our case to Japan as not to force her into an alliance with Germany, which she has so far declined. One way to do that is to confine our interest in China to commercial and trading

rights. It is fair after all to remember that Japan has interests in China of a kind that no other country has. If any nation seemed marked out as a natural protector of China it was surely Japan. Moreover it is not generally realised how small a country Japan is and how great is the pressure of her population. The density of her population is four times as great as England's. It is not only natural that she should look to China for her future: it is on the whole in the interests of other Powers that she should look there rather than anywhere else.

According to the *Daily Express* (London July 25) 'We are to recognize Japan's position in China today. And recognizing the facts is the beginning of political wisdom. We should have been saved humiliation and trouble if we had not refused to face unpleasant truths in Abyssinia. We cannot prevent Japanese aggression in China by shutting our eyes to it nor help the Chinese by looking the other way.'

Le Temps (Paris June 30) observes — 'In China at present Japan is in a decidedly superior position both militarily and economically, why are both France and Great Britain continuing aid to the Chiang Kai-shek Government that is dominated by the Comintern? In view of China's great size fears that rights and interests of third Powers would be expelled are laughable. Moreover Japan would never antagonise the world by taking such action.'

The *Völkischer Beobachter* (Berlin) quoted by the *Manchester Guardian* of July 26 says — 'Doubtless at present England did not wish to enter into a trial of strength with Japan. Mr. Chamberlain's attempt to conceal this latest defeat of British foreign policy does not in the least disguise the fact that England has been compelled to haul down her sails for Japan.'

According to the *Paris Information*, July 24, "it is clear that Japan and Great Britain have realized the necessity to settle amicably a dispute which ran the risk of jeopardising considerable interests. The London Government has acted wisely in disentangling itself from complications in the Far East at a time when its freedom of action in Europe must be fully safeguarded."

The *Kokumin Shimbun* (Tokyo, July 25) attaches much importance to the fact that Britain has made clear her intention to abandon her pro-Chiang Kaishek policy. The paper says, however, that the agreement lacks positive or constructive proposals.

The *Asahi Shimbun* (Tokyo) believes that the Anglo-Japanese declaration marks an epoch in the annals of Sino-Japanese hostilities, recording, as it does, British recognition of the actual conditions in China.

From all these observations by the organs of *haute finance*, imperialism and colonial power the student of international relations can conclude that the Tokyo Formula is the *de jure* (and not merely *de facto*) embodiment of the Asian Monroe Doctrine or "Asia for Asians" under Japanese auspices. Japanocracy is recognized by albinocracy, i.e., Eur-American imperialism to be powerful enough to declare "Hands off China" to any and every white empire. And the white empires are obeying this command.

1939, July. Y. Yagi: "The Agricultural Interrelation of Japan, Manchoukou and China" in the *Economic Review* (Kyoto University): The Sino-Japanese conflict has now entered on a new phase in which Japan is faced with the necessity of making strenuous efforts to create a new order in East Asia which will ultimately provide the basis of permanent peace in the Far East. In other words, all East Asian political and economic problems now centre on the efforts to bring the extensive

areas of North, Central and South China into the Japan-Manchoukuoan economic unit, which is already in existence, in such a manner that the three countries, Japan, Manchoukuo and China, may form a closely-knit economic organization for mutual aid and effective inter-dependence, thus establishing and consolidating a new economic structure, in both a qualitative and quantitative sense.

Seeing that bloc economy of this kind demands the establishment of an autarchy or the practical application of the doctrine of national self-sufficiency, to a greater or lesser degree, it may be regarded as a merely temporary and abnormal economic phenomenon by those advocates of free trade and commerce, who believe in the unrestricted circulation of goods between nations. The fact remains, however, that bloc economy, regardless of its merits or demerits, has now become a world-wide tendency, and Japan, like other countries, is merely shaping her course in accordance with a new world trend. It remains to be pointed out, however, that there are two different types of bloc economy. One consists of economic blocs formed by countries which are popularly known as the "Haves". The bloc organisation of the British Empire is a typical example of this type of bloc economy. The British Empire, which has suffered most extensively from the economic panic arising from the chaotic condition in world markets in post-war days and from the rivalry of new-fledged industrial countries, has formed an Imperial economic bloc with a view to retaining the dominant position which it has hitherto held. This bloc is essentially conservative and defensive in that it aims primarily at self-sufficiency within the bloc by guarding itself against the encroachments of rising industrial countries, on the one hand, and by holding the

Dominions and other possessions together in close unity on the other. In contrast economic blocs formed by the so called Have nots do not aim solely at self sufficiency. It is true that they are striving to develop all the resources within their economic areas and that they are endeavouring to attain self sufficiency in respect of basic raw materials. But they are not aiming at placing the entire national economy on a basis of self sufficiency. They aim at preparing the ground for the future development of bloc countries in the extra bloc areas. The Japan Manchoukuo China bloc belongs in the latter category. While striving to provide an adequate supply of the basic raw materials within the bloc it seeks to open the way for the development of Japanese economy in the wider sphere of world markets.

Through a well integrated establishment of a Japan Manchoukuo China bloc economy Japan's efficient scientific knowledge and capital must be linked with the rich material resources and the development of the extensive arable areas of Manchoukuo and China so as to develop the natural resources of these extensive areas as effectively as possible. In this way Japan will be able to secure the material resources which she lacks and at the same time contribute to the welfare of the Manchoukuoan and Chinese peoples. With this object in view a five year industrial development programme was launched in Manchoukuo the year before last while in North and Central China the work of developing material resources has been taken in hand in North China chiefly by the North China Exploitation Company and in Central China by the Central China Development Company. It is not quite clear how Yagi makes out the distinction between the two bloc economies. In fundamental features they

look very much alike. The Imperial Preferences of England and France, as well as the continental system of Pan-Europa in the ideology of German technocrats and finance-imperialists and the Japan Manchoukuo-China complex of Japanese economy belong to one and the same set of regionalized world-economy.

SECTION 3.

The Second Round of the Anglo-German War

(September 1939—)

1939, August-October. The Theory of Soviet Foreign Policy on the Eve of the Anglo-German War.

On August 23, 1939 the Russo-German Non-Aggression Pact is signed. The Russo-French United Front of the last four years (since 1935) is thereby automatically abrogated. And this leads virtually, although not formally, to the cancellation of the German-Italian-Japanese Anti-Comintern Pact. For all practical purposes Soviet Russia cites halt to her previous foreign policy of positive enmity to Germany, Italy and Japan and of positive friendship with France (as well as to a certain extent with England). She finds the new partnership more suited to her interests than the old. *Realpolitik* transcends her ideological prejudices. Indeed, ideology had already been considerably sacrificed when she entered into Pact with France in 1935, since France was not communistic and the basis of the United Front was not communism but the union of all sorts of moderate, reformist and non-communist socialism and other non-descript isms with communism. It is found at the present moment that the *Realpolitik* of 1935 is not adequate enough and stronger doses of realism are therefore administered such as carry her farther away from her

formal and professional anti-capitalism and anti-fascism. (*Supra*, pp. 293-294).

Lecturing to the Soviet Parliament on the Russo-German Pact in September 1939 after Germany's invasion of Poland and England's and France's declaration of war upon Germany, Molotov explains the Soviet foreign policy as follows: "It is our duty to think of the interests of the Soviet people, the interests of the Union of the Soviet Socialist Republics." This is the language of orthodox nationalism and is the farthest removed from the internationalism, world-order etc. of communistic ideology as adumbrated by Lenin No. I, (1917-1918).¹

The nationalistic *Realpolitik* is explained further as follows: "England and France refused to conclude a pact of mutual assistance with Russia", says he, "they wanted to place the U.S.S.R. in a position of isolation in the face of the aggressor." The implication is that by joining England and France Soviet Russia would have been compelled to fight Germany on the Polish front alone without any substantial gains to herself.) Russia's sacrifices might have been too much. She is calculating her profits and losses only just as every state, capitalistic, socialistic or otherwise does. There is no idealistic ideology in such calculations, "realpolitical" as they are.

The interests and not ideologies of Soviet Russia are emphasized by Molotov in the following manner: "We had no economic agreement equally advantageous with Great Britain, France or any other country. By this agreement the U.S.S.R. undertakes to sell to Germany a definite quantity of surplus raw materials for her industry which fully answers the interests of

¹ For the transformations of communism, see *Pol Phil.*, Vol. II, Part I, pp. 38-49. See also *ibid.*, pp. 269-271, 313-314, 317-318.

the U.S.S.R. Why should we reject such an advantageous economic agreement? Commercial and credit agreements with Germany are fully in accord with the economic interests and defensive needs of the Soviet Union. The agreement is advantageous to us because of its credit conditions (7 years' credit).

Molotov's address is but another instance of the policy Soviet Russia has been systematically following in her foreign relations. No matter what be the ideology, constitution, social policy, etc. of the other countries, Soviet communism has found it expedient to come into terms with them whenever it has suited her interests. This should serve once more to demolish the fallacy of those pro-Russians or anti-Russians in diverse lands among statesmen or theoreticians who wrongly believe that only a formal communist can be an ally or partner to Soviet Russia. It is in keeping with this *Realpolitik* again that Molotov declares as follows: We hold a position of not interfering in the internal affairs of the other countries and correspondingly of not tolerating interference in our internal affairs. In this statement Molotov is not making any profound declaration of faith. This non-interference is the minimum expected of and followed traditionally by all powers, great, medium or small, and bourgeois, socialist or communistic in their open relations with one another. It was on this basis that the world propaganda for communism had to be dropped by Lenin in 1922 with the inauguration of the New Economic Policy and participation in the Genoa Conference. That was the commencement of Leninism No. II in all affairs, internal and external as well as economic and political. Stalin has been maintaining this second Leninism in tact and carrying it forward throughout his career. Molotov, as foreign minister, is but the mouthpiece of the same policy.

In his interpretation of the Anglo-French war against Germany that has been going on since September 3 Molotov does not accordingly see any ideology worth mentioning. The present war is according to him like any other wars of history. Lecturing at the extraordinary session of the Supreme Soviet on October 31 he says: "The motives of Britain and France do not lie in any ideology but in their profoundly material interests as mighty colonial powers. It is the fear of Germany's claims to these colonial possessions that is at the bottom of the present war,— a fear that has become substantially stronger lately as a result of the collapse of the Versailles Treaty. It is the fear of losing world supremacy that dictates to the ruling circles in Great Britain and France a policy of fomenting war with Germany. Thus the imperialist character of the war is obvious to any one who wants to face realities and does not close his eyes to facts. One can see from all this who is interested in this war for world supremacy, certainly not the working class. This war promises nothing to the working class but bloody sacrifice and hardships."

This reference to the working class points to the fact that the class-ideology of communism continues still to be a ruling force in Soviet Russia. It is not yet possible to establish an equation between the nationalistic (capitalistic) communism of Soviet Russia even in 1939 and the democratic, socialistic or some other reformed capitalism (nationalism) of the non-Sovietic world. In other words, neo-communism cannot be identical with neo-nationalism or neo-capitalism, although the element "neo" may tend to bring about modifications of each system by the impact of its opposite. (*Pol. Phil.*, Vol. II., Part I., pp. 45, 53-57).

✓ Soviet Russia today is by no means a hundred per cent communist state. But its leanings towards communism must never be

ignored in an analysis of the political philosophies of the present moment. From the hundred per cent communist angle the interpretation of the present war has been offered in a manifesto issued (Moscow, November 6) by the Communist International on the eve of the 22nd anniversary of the Bolshevik Revolution. This is supposed to be a non-official body. It says among other things as follows

(“Capitalist countries that have entered late into the arena of colonial expansion are fighting against the English, French and American world rule. They want to distribute in their favour the sources of raw material, food, gold and colonies. That is the real significance of the war, which is unjust, reactionary and imperialistic.”)

Curiously enough, the hundred per cent nationalists among the subject races of the colonial empires would agree with the Comintern in this interpretation. Communism and nationalism have thus met on a common platform,—so far as foreign politics are concerned.²

1939, August 22. The Danzig Question and Germany's Last Challenge to the Versailles-Geneva Complex.

“To-day a greater German Reich is prepared, capable and determined to enforce the right of Danzig, of which it is deprived, to belong to the joint German Fatherland,” declared Dr. Frank, President of the Academy of German Right at Zoppot, when addressing a rally of German lawyers.

Dr. Frank enumerated five reasons why Germany did not regard the articles of the Versailles Treaty regarding Danzig as valid, namely, the following

² See, *Infra*, The Meaning of the Russo German War

- (i) The Versailles treaty had no legal validity;
- (ii) A body of allied and associated Powers no longer existed;
- (iii) Germany did not recognize the League of Nations;
- (iv) Taking over Danzig did not infringe on Polish sovereignty.
- (v) The Danzig population had long ago decided to belong to the Reich.

Polish newspaper comments show that public opinion is quiet and confident. *Wieczor Warszawski* says: "The countries of the Peace Front are confident in their political, military and economic strength and calmly await further events. France, Britain and Poland are not afraid of a conflict and are sure of victory."—(Reuter).

The situation is to be studied in connection with the analysis of the Geneva Complex as furnished, *Supra*, pp. 229-235.³ 1939, September. While discussing Molotov's explanation of the Russo-German pact one may be easily reminded of the "Lenin Policy" in foreign relations established for Soviet Russia fifteen or sixteen years ago. Sidney Osborne recalls that policy in the *Daily Telegraph and Morning Post* of London as follows: "The general line of Soviet foreign policy may be said to have been fixed when Lenin was master in the Kremlin. A pamphlet issued in 1933 to the Communist Party provided an analysis of the Lenin policy. It explicitly enjoined the party not to enter into lasting friendship with any capitalist country; they must seek to prolong the present breathing space until the Soviets are

³ See also, *Supra*, pp. 293-294, 298-300, 303-304, 309, 315-318, 319, 338-340, 363.

ready for open war against capitalism. They must exploit fully the conflict of interests between Germany and the *Entente* States but only so long as the support of German claims fitted in with the Soviet plans.

In keeping with this declaration of policy the Soviets concluded a treaty with Germany in 1916 (Treaty of Berlin) which was devised as a pendant to the Treaty of Rapallo (1922). Its main political significance was that it dissociated Germany from a pronounced Western policy and from an anti-Soviet front of the Western nations at the moment when her relations with the European victor Powers were restored to a normal basis.

This treaty lapsed in 1931 and in that year a protocol was drawn up renewing it. Although actually signed in June 1931 it was not ratified by Germany until May 5, 1933. Not many months (September 1933) after that ratification we find *Pravda*, the official organ of the Soviet, declaring that Germany's present leaders pay lip service to treaty obligations but at the same time inspire anti-Soviet intrigues and systematically undermine treaty relations. Germany is warned that her provocative policy must inevitably lead to her political isolation.

A new orientation of Soviet policy was soon followed up by intimations that the Rapallo Treaty and its pendants were never intended by Russia to be more than temporary. She was mainly concerned with the question of protecting her frontiers and the system of pacts with immediate neighbours which aim at securing the integrity of Russian territory in Europe.

In keeping with Lenin's practice which was to lie low in foreign policy the Soviet reached an understanding with Poland and France and negotiated a series of non-aggression pacts with all her neighbours with the vital clause which permitted denun-

ciation if one of the contracting parties committed an act of aggression against a third Power.

This so-called "Lenin policy", as discussed by Osborne, has hardly anything specifically Leninistic, socialistic or bolshevistic about it. This embodies but the A. B. C. of foreign policy followed all through the ages by every country of the world. It is no less British than German or French and consists in nothing but *vishwa-shaktir sad-uyavahar* (utilization of world-forces) in the interest of one's own safety and self-assertion or expansion.

1939, October. The Daladier Government is compelled to annihilate the Communist Party of France root and branch. The situation among the French people is perhaps not very favourable to the present regime and might be prejudicial to the carrying on of the war in connection with interests whose direct bearings on France are not palpable to the man in the street. The French situation since 1936 may be seen analyzed in Alexander Werth's *France and Munich: Before and After the Surrender* (London, 1939).

Although Turkey has formal friendships with both the British and the French Empires she can hardly be depended upon as an ally after the German-Russian partition of Poland in the third week of September. The extension of Russian frontiers virtually to the pre-1914 boundaries in the Baltic and the Balkan spheres together with that of the German (and Austrian) to the pre-Versailles conditions are working on the mind of Turkish statesmen in order to inspire them to attempt recovering their lost possessions in Asia Minor, the Arabian Peninsula and Iraq. The assurance of non-aggression or rather friendly neutrality, nay, alliance from the Russian side may enable Turkey to venture on restoring the frontiers lost to the British and the French

Empires The Italian situation may likewise be another aid to Turkey in this ambition because she would thus be in a position to divert her attention from the Mediterranean.⁴

As long as the Russian attitude may be appraised as virtual alliance for Germany Italy is not pessimistic about the strength of the coalition against England. Italian efforts to maintain the Rome-Berlin axis intact may therefore appear to be a question of cold calculations and positive self interest.

(In the first week of October the alliance and friendly understanding between Germany, Russia, Turkey and Italy is almost the very foundation of world politics. This understanding is further intensified and rendered powerful by the fact that Japan has already entered into a non aggression pact with Russia.) The formal neutrality of Japan in regard to an eventual great war in Europe was declared by Japanese statesmen to be but conditional upon the neutrality of the European powers (i.e. the British and the French Empires) in China. This implies in the first place retreat of the two Empires from the Chinese sphere of influence and the establishment of Japanese monopoly and hegemony in that region. Secondly, Japanese neutrality is tantamount to friendly orientations to the German-Russian advances. Japanocracy's prospects for expansion are too palpable.

Altogether the fortunes of the British and French Empires

4 For the international politics of Muslim Asia see *Supra* pp. 321, 323, 330, 332. The currents in every region of West Asia are not only albinocratic i.e. anti white but anti Turcocratic as well. See H. Kohn, *Revolutions and Dictatorships* (Harvard 1939) for the anti European ideologies in the Near East. Cf. *Pol. Phil.* Vol. II, Part I pp. 98, 101, 199, 200, 257, 259.

may be considered to be endangered by the most powerful combination ever realized in history.)

(But by the third week of October the diplomatic situation is considerably modified on account of the pact signed at Ankara between England and France on the one side and Turkey on the other. The fundamental objective of this pact, among other things, is the prevention of Turkey from entering into an eventual alliance with Germany and from extending the hostilities to the Indian sphere. Anglo-French solicitude to keep the war away from Asia is thus satisfied to a certain extent.)

Under the terms of this pact Turkey would render military assistance to England in case Germany invaded Rumania and Greece. In order to purchase this friendly neutrality and virtual alliance of Turkey the British Government offers her a loan of £60,000,000. Turkey makes a good bargain and is besides assured of Anglo-French support in case of an Italian invasion of Asia Minor.

1939, December. *World Order Papers*, a series of pamphlets issued by the Royal Institute of International Affairs (London). In the first paper entitled *World Order: An Attempt at an Outline* John F. Williams suggests the creation of a strong federal union comprising a number of,—not all,—civilized communities. The League of Nations is to be maintained as a looser organization of the world as a whole. To a certain extent he agrees with the American author Clarence Streit's *Union Now* (1939). "States of different ideals" are to be treated differently. "For certain purposes and within certain limits" the "national sovereignties of the federating nations" are to be merged. National sovereignty is not considered by Williams as a permanent condition.

In the paper entitled *Peace by Federation?* (1940) William Beveridge maintains that federation will bring lasting peace. "The peoples concerned will be prepared to barter arms for security and sovereignty for civilization".

The South African businessman and publicist, Percy Horsfall, has contributed *Some Doubts as to the Imminence of the Millennium* (London 1940). In his judgment "a federation which included Germany must be rejected". He stoutly opposes Beveridge's idea that "federation without Germany would seem to be not an advance but only another provocation". Horsfall believes that "Europe today is far removed from the triumph of reason," and that "it is surely folly to expect organic union to flower overnight amongst the heterogeneous communities of western Europe." He concludes that "in a world shared by the peaceful and the bellicose, peace cannot be preserved except by the might of the peaceful."

1940. May 12. *The Amrita Bazar Patrika* (Calcutta): The Imperialism and Anti-Freedom Activities of the Poles, Czechs, Belgians, Dutch and French.

"Dr. Rajendra Prasad is between the horns of dilemma. While Britain's treatment of India makes it impossible for Congressmen like him to co-operate with the Allies, he finds it equally impossible not to sympathize wholeheartedly with the peoples of Poland, Finland, Norway, Denmark, Holland, and Belgium and the Czechs. We are not sure, however, that with the exception of Finland, Norway and possibly Denmark, the other countries that Dr. Rajendra Prasad has mentioned deserve all the sympathy that he has lavished on them. Those alone deserve to enjoy freedom who value the freedom of other nations; and we cannot forget that neither the Poles nor the Czechs were

very considerate in their treatment of the other nationalities included in their territories. As for Belgium and Holland, we hope they will soon get rid of the German menace and learn to appreciate the yearning for freedom that stirs in the breasts of the peoples of Congo and Java."

On June 21 the *Amrita Bazar Patrika* maintains in connection with the proposed armistice between Germany and France during the war that commenced in September 1939 that the fundamental issue of the war is not democracy *vs* tyranny but the claims to colonies.

"The French Colonial Empire to which M. Reynaud refers so proudly and on which he proposes to fall back for the preservation of France's independence consists of countries conquered and kept in subjection by the strength of French arms. They are no doubt valuable to France as the recruiting ground of the French army and as fields for exploitation by French capital, but while they may be of service to France for the preservation of her own independence there is nothing to show that they will be able to share the freedom which they will win for France by shedding their heart's blood. Their very existence belies the loud professions of the self-styled champions of freedom, and prevents the spontaneous manifestation of that enthusiasm which the cause of freedom may be expected to evoke throughout the world. Frenchmen at any rate who have inscribed the words Liberty, Equality and Fraternity on their national flag and who have, generation after generation, shed their blood in defence of their Fatherland ought to realize that the craving for freedom is quite as strong in the hearts of the Syrians, the Algerians and the Indo-Chinese as in their own."

"It looks from the peace terms as if the colonies and depen-

dencies are the chief bone of contention between the warring European groups and while one party is anxious to keep what it has already got the other party is determined to wrest these precious possessions by means of the strong hand. The principles of democracy and freedom seem to be but subordinate considerations for both groups are equally anxious to cultivate the good will of Russia which is a dictatorship and which certainly does not believe in democracy as it is understood in France Britain or America. Surely there is something incongruous in trying to maintain the principles of democracy with the help of a dictator! It would appear therefore that the common desire both of the democracies and of the totalitarian states to keep in subjection weaker nations than themselves and exploit their resources for purposes of self aggrandisement is at the root of the present European conflict and the European nations will never know either real peace freedom or democracy so long as they harbour this greed in their hearts.

1940 June 24-26 France makes armistice with Germany and Italy and goes out of the war

1940 July 17 Jawaharlal Nehru 'India's Independence'
For a year or so before the war began (September 1939) there was considerable discussion about the possibility of a Union or Federation between various nations. Nearly all of them suffered from the vital defect of looking at the world as if it consisted of Europe and America only.

It is perfectly true that we want to end the British Empire because out of imperialism no true federation can emerge. And in any event India is not going to remain in this Empire whatever happens.

2 See his *Unity of India* (London 1941) pp 32-325

"It is astonishing that even now the independence of India sticks in the throat of the British Government; it is amazing that they still behave in the old lordly way and expect us to carry out their behests. Still they threaten us with pains and penalties. Still they preach to us their homilies. Still they are blind to what is happening. There is anger today in India at what is happening, and at the insufferable ways of numerous underlings. We cannot help seeing that one of the war-fronts of Britain today is in India and against us."

1940, July. The Pan-American Conference held at Havana (Cuba) is an important landmark in the evolution of the United States in world-politics. The present war has created a situation in which the domination of the two Americas in the political as in the economic sphere by the U.S. is becoming a *fait accompli*. The Monroe Doctrine has been matching out of its negative and passive isolationism into the aggressive rôle of constructive imperialism over the New Hemisphere.⁶

Every Monroe Doctrine has more or less the same *Gestalt*. British world-planning, known as International Federation or Unions turns out in *Realpolitik* to be a glorified Anglocracy or British Empire. The German "new order in Europe" is virtually a European "continental system" commanded by Germany's technocracy and finance. A Sovietized Eur-Asia is in fundamentals nothing but Russocracy from the Baltic Sea, the Polish plains and the Dardanelles to the Amur River and the Behring Straits. The Asian Monroe Doctrine under Turkey's auspices implies a Turcocratic West Asia and under Japan's but a Japanified East Asia. Objective realities must be faced in science.

⁶ *Supra*, pp. 85-87; cf. P. T. Moon: *Imperialism and World Politics* (New York 1926).

1940, August Lionel Robbins *Economic Factors and International Disunity* (London)⁷ The root cause of the difficulty is described by this British economist as lying not in economics but in politics 'While reason and persuasion are important, I do not think', says Robbins, that we can trust to reason and persuasion alone to preserve the world from anti-social national policies "

1940, October, 4 The Japanese Premier, Konoye, declares that should the U.S.A. recognize the "leadership of Japan, Germany and Italy in Eastern Asia and in Europe" these Powers would "logically recognize the leadership of the U.S.A. in the Western hemisphere" But in case this tripartite pact is not recognized by the U.S.A. they would "fight to finish" On January 13, 1941 the Foreign minister, Matsuoka, dwells on the Japanese obligations under this pact and on the "new order" and the Monroe Doctrine of Asia

The position indicates the logical conclusion of the epoch-making "Tokyo Formula" of July 1939 (*Supra*, pp 366-369)

1940, December 1 Japan, China and Manchoukuo make a joint declaration in favour of a "new order in East Asia" The declaration is renewed at the anniversary in December 1941 In connection with the anniversary the Japanese Premier, General Tojo, declares "The remnants of the Comintern influence as well as the European and American Powers are collaborating with Chungking (Chiang Kaishek's China) in order to bar Japan's efforts to create her new order in East Asia "

"Japanocracy" is advancing inch by inch on solid foundations, it should appear

⁷ *World Order Papers* published by the Royal Institute of International Affairs, Chatham House, London

1940 Devī Raj *The Problem of International Peace*
at the Indian Political Science Conference (Lahore)

The League of Nations⁸ failed not so much for the defects in the Covenant as for the fact that (i) the League formed a part of the unjust and vindictive treaty and (ii) the members not only failed to stand by the Covenant but followed a policy of intense nationalism and subordinated the League to the pursuit of their own narrow national interests so that the League as it stands today is a league of a group. The League should therefore be replaced by a fresh international government. The war is the outcome of power politics and unequal and unjust economic conditions. A new world order will therefore involve (a) the supersession of national sovereignty and the establishment of a democratic world union (b) the control of strategic positions now in the hands of a few nations (c) the establishment of social democracy and a new economic order and (d) the liquidation of national empires. As a first step in the direction the Powers should surrender their empires in order to secure a sort of moral rearmament against the dictators. The dependencies should either be granted self government or be internationalized.

1940 Seiji Hishida *Japan among the Great Powers* (London) This study mainly historical serves to exhibit the international aspects of a Monroe Doctrine for Asia which has been slowly but steadily evolving since 1905 both in Japan as well as in other Asian lands. Japan's recent doctrine of co-prosperity sphere in the Far East can be found here in its historical and political perspectives.

⁸ See The Geneva Complex in World Economy etc *Supra*
11 9 '44

The evolution of Japanocracy as an expression of imperialism or colonialism similar to albinocracy or "white man's burthen" is an outstanding fact of recent and contemporary politics. It deserves scientific analysis. The data furnished by this Japanese scholar are factual and realpolitical and may be compared with or supplemented by those of T. Ishimaru in *Japan Must Fight Britain* (London 1936).

1941, January 7. President Roosevelt declares that financial difficulties (absence of dollar resources with England) is not to impede the flow of war materials to the UK. The USA is to lease war equipment to the UK and does not want gold from the latter. England is to be regarded as "protecting the interests" of the USA. The "Lend and Lease" policy enables the American government to deliver the goods to the British government virtually for nothing. Certain British bases are leased to the US government as security or price (?). There is no question of debts being incurred by the UK and therefore no problem of repayment in future. The interallied war-debts of World-War I are thereby being prevented, it is presumed.

This Anglo American deal relieves the UK of the problem of paying imports from the US in dollars or in other foreign exchange. The problem of increased exports to the US or other foreign countries in order to get dollars or other foreign exchange with which to pay for American goods does not therefore hang heavily on the shoulders of the British Government. But, on the other hand, the export industries of the British people are likely to suffer a heavy set-back and indeed to be eclipsed by American industries catering for world-markets.

1941, February 3. The Dutch East Indies Government

refuse to be incorporated in a "new order in East Asia" under the leadership of any power.

This does not, however, indicate the sentiments and attitudes of the Indonesian people in Sumatra, Java, Borneo, Celebes and so forth.⁹ In political orientations the Indonesians are similar to the Indians and organized in nationalistic, socialistic and communistic groups or parties.

On June 11, the Japanese Government breaks off trade negotiations with the Dutch East Indies at Batavia proceeding since October 1940.

1941, April 6. The Balkan Complex on the Eve of Germany's Declaration of War against Yugoslavia and Greece.

The Russo-German Pact of 1939 has enabled Germany to entrench herself in Rumania and Bulgaria and to be in full control of the ports on the Black Sea. Her hold over Hungary and Slovakia has also been strengthened. As a result of this Balkan agreement Soviet Russia has likewise derived profits in many fields. In the Balkans she has got Bessarabia from Rumania. In Central Europe she has got the Russian section of Poland without war and virtually as a gift from Germany. And in Northern

⁹ For Indonesian politics see *Pol. Phil.*, Vol. II, Part I. (1942), pp. 84, 93-94, 97-98, 241, 320-321, 327-328. See also, *Supra*, pp. 4, 24, 36, 45, 64, 138, 214, 281-282, 340.

The Jubilee number of *Indonesia* (Leiden, Holland, 1938) is called *30 Jaar Perbimpunan Indonesia 1908-1938* and contains among other articles the following:

P. Loebis: Het werk van de nationale beweging voor een vrijer Indonesia. R. P. Soeroto: De Indonesische Vakbeweging. R. M. A. Djoyoadhiningrat: Over de Indonesische Vakbeweging.

Europe she has got her old Baltic provinces without much complications. Besides it is through strong German diplomatic support that she succeeded in liquidating the Finish War to her satisfaction.

These mutual gains have established a new world order so to say. The territorial rearrangement is a *fait accompli*. Economic cooperation of a very wide range between Russia and Germany has been proceeding since 1939. Raw materials and food stuffs are coming to Germany from Russia who is getting industrial products from her partner. Besides most probably Russia is re-exporting to Germany some of the essential commodities imported by herself from the U.S.A. via Vladivostok.

Russian collaboration with Germany is also to be seen in virtually military fields. As a safeguard against British bombing Germany has been transferring some of her vital industries to Russia. Further large scale machine industries are being built in the Russian Urals with German brain and bullion on the understanding that 25 per cent of the output will be Russian during the war period after which all the plants will become the property of the Soviet. Stalin has been systematically following the "Lenin Policy" in international affairs (*Supra* pp. 377-379).

From all these considerations Russia is to be regarded in the spring of 1941 as an officially undeclared but factually effective ally of Germany. Her collaboration is not less substantial and important than that of the official Axis partners Italy and Japan who constitute with Germany the Triangle in international politics. It is obvious that Russia today *vis à vis* Germany is as powerful a support as the U.S.A. *vis à vis* England. Curiously enough the situation is entirely opposite to that of the United Front strategy (1935-39) which enabled the Russo-French pact

to function against the German-Italian-Japanese alliance.¹⁰ (*Supra*, pp. 293-298, 303-304, 319, 327-328, 372-376).

The Russo-German pact of alliance has some deeper and more profound bearings which deserve notice in the international politics of today and tomorrow. Germany and Soviet Russia have been carrying on a totalitarian exchange of population, first, in Poland, and secondly, in the "Balkan Complex." The outstanding points of dispute are likely to be liquidated on account of this demographic reconstruction.

All these developments of the last two years have to be placed, further, in the perspectives of the Russo-German alliance, and understanding between 1918 and 1933. During that period the industrialization and general economic reconstruction of Soviet Russia were fostered in part with German technocracy and leadership. Besides, the training of the Soviet army at all rungs of the military hierarchy was substantially in the hands of German experts specially invited by Russia for the purpose after the German-Russian Treaty of Rapallo (1922). The size of the German army, as is well known, had been placed under restrictions by the Versailles Treaty (1919). The understanding between Russia and Germany enabled the latter to neutralize the restrictions. Germany was enabled to depute the corps of military officers and technical experts to Russia without formally violating the Versailles Treaty. It was possible for Germany to get batches of her commanders and war college instructors trained and experienced on Russian soil. The batches went and came by turns, and so the Versailles Treaty was to a certain

¹⁰ In June 1941 the situation is thoroughly reversed, again, on account of the Russo-German war, another most unexpected development

extent rendered a dead letter. The ideological comradeship between the war-offices of Soviet Russia and Germany has to be envisaged in regard to the present and subsequent developments.

The political theory which attaches an exclusive and monistic value to the Nazi-Communist antithesis is not well calculated to explain the entire international complex. Inter-racial or international relations constitute a more variegated pattern than that dictated by purely economic considerations. It is the same complexity of *Realpolitik* that explains how in spite of fundamental antithesis in Anglo-Russian ideologies Russia is found subsequently to be friendly to the British empire and inimical to Germany (June 1941).

The British people and the British empire are not more communistic, bolshevistic, anti-imperialist or anti-nationalist than the German. And yet Soviet Russia can change her front almost overnight. During August-October 1939 she carries on open negotiations with the Anglo-French bloc while secretly allying herself with its enemy, Germany. In June 1941 she carries on arrangements with the British Empire while officially a friend or ally of Germany. Kautalya never had a more brilliant disciple in East and West than Stalin.

From the standpoint of patriotism or nationalism all these changes of front instituted by Soviet Russia are perfectly understandable. This is what every state has ever done and will always do. Soviet Russia is just a state like other states without any speciality in the international *Gestalt*. It is unthinking romanticism that tries to discover something specifically idealistic or ideological in the diplomatic manoeuvres of Soviet Russia. There is no bolshevism, communism, international revolution, solicitude for the subject races and the poor and the

part of the world in all these activities of Soviet Russia in the diplomatic sphere¹¹

1941 April Dictatorship is established in Iraq by Rashid Ali ex premier by a *coup d'etat*. On account of his anti British ideologies he was forced to resign from office a few months ago. The *coup d'etat* is supported by certain sections of the Iraqi army who consider Rashid Ali to be the leader of the nationalists. The Regent Tahir Hashim submits to the seizure of power by Ali and seeks shelter at Basra in British territory. The *Putsch* turns out to be ephemeral.¹²

1941 April The Commission to Study the Organization of Peace instituted by the Carnegie Endowment for International Peace with James T. Shotwell as Chairman observes that the present conflict has taught us that something is once stronger and more adjustable than the League of 1919 is necessary. National sovereignty must yield more and more to the community of nations. The world must evolve from League to federation.¹³

1941 April Benjamin Geig *Colonies in an Eventual World-Settlement* (New York)¹⁴ This American publicist

¹¹ See *Infra* The Meaning of the Russo German War (May 10 1941)

¹² See *Supra* Footnote 4 i.e. the politics of Muslim Asia. See also P. W. Ireland *Iraq* (New York 1938) G. Antonius *The Arab Awakening* (Philadelphia 1939) W. E. Hocking *The Spirit of World Politics* (New York 1932)

¹³ *International Conciliation* (New York 1941) No. 369 p. 203

¹⁴ Commission to Study the Organization of Peace *Preliminary Report and Monographs* (Carnegie Endowment for International Peace New York) See *International Conciliation* (New York April 1941) No. 369

admits that the mandates system of the League of Nations resembled too closely the plan for distributing the spoils of war such as had been agreed upon by the Allies prior to 1918. The elements of hypocrisy in the League institutions are exposed by him without camouflage. But he believes that an improved edition of the League is not inconceivable.

1941 Mark J. Gryn *The Fight for the Pacific* (London). According to this American journalist the Axis reaches the Pacific in the following manner. About 1936 Hitler and Mussolini decided that if they were to succeed in Europe it was necessary to create a diversion elsewhere. The Pacific appeared ideally suited for the purpose. There the democracies possessed vital interests which they were bound to defend. There also was Japan powerful, discontented and aggressive.¹ It was thus that Japan, Germany and Italy worked out an arrangement for synchronized pressure against the democracies.

There is serious doubt says Gryn if the friendly vows exchanged by Rome, Berlin and Tokyo were genuine. *Mem Kampf* does not list the Japanese as world rulers. In the summer of 1940 Tokyo made it plain to its partners that their refusal to sanction the Japanese ventures in the southwestern Pacific would split the Axis beyond repair. For the purposes of practical politics however this undercurrent of suspicion and distrust can be ignored. The ties binding the partners are not paper treaties or vows of amity. They are very real political and military advantages enabling the Axis members to pursue their objectives.

15 See T. Ishimaru *Japan Must Fight Britain* (English transl. from Japanese) London 1936.

See in this connection *infra* the observations of Peter Stevens on the Tanaka Plan of what may be called the Japanification of Asia.

without hindrance from their harassed rivals. Both Rome and Berlin are too busy fighting and hating Britain to consider the danger of replacing the latter in the Pacific by their virile, belligerent, incredibly ambitious Oriental partner.

And yet it is doubtful if this statement of Gayn's about the mildness of German-Italian suspicions regarding Japan is acceptable after the latter's epoch-making triumphs over the white empires (7 December 1941—15 May 1942). German-Italian conceptions of white prestige may still prevail over antipathy to Anglo-American world-domination leading to the slowing down or cooling off of the genuine collaboration of Berlin and Rome with Tokyo. In any case, an interesting case of inter-racial psychology in its impacts on *Realpolitik* is developing before our eyes. Students of social science can hardly find anything more instructive.¹⁵

1941, Ernest Barker: *Ideas and Ideals of the British Empire* (Cambridge). So far as Great Britain is concerned, says he, the first principle of trust, which is the advancement of the well-being and the liberty of native populations, is being faithfully obeyed. Is there equally good reason for believing that the second principle—the principle of the development of material resources for the benefit of mankind—is being as faithfully obeyed? It must be admitted that there is one respect in which we have ceased to fulfil the second principle of the double trust as faithfully as we once did. Part of that principle is the policy of the open door. It is for the benefit of mankind that the material resources of colonial territories should be freely available

¹⁵ See the analysis of the German-Japanese situation in *Pol. Phil.*, Vol. II, Part I, pp. 327-328, Part III, pp. 123-124, 323 (De-albinization). See also, *Infra*, "Asia for Asians as a Category of International Relations" (May 15, 1942).

to all, and that all should have access to the supplies they furnish and the markets they afford. We have begun to shut—not totally, but in an increasing measure—the door of access to colonial territories. Herein it may well be argued that we are falling short of our own idea of trust. We are denying equal opportunities for the trade and commerce of other States in no small part of the dependent empire. The door stood open with out exception down to the year 1904. It had begun to be closed even before the Ottawa conference of 1932. Since that conference it may be said that “not only has the open door in the greater part of the colonial empire been closed, but against Japan it has been slammed.”

We not only affect adversely the interests of the Japanese, for example, when we exclude their products from colonial territories—we also, in the same breath and by the same act, affect adversely the interest of the native population, which may be able to afford, and will therefore want, those products, but cannot afford our own dearer, if better, products. It may therefore be contended that the re-establishment of the open door in the whole of the colonial or dependent empire is necessary to the proper performance of trust in both of its aspects, but particularly in that aspect which is concerned with the benefit of mankind. Our dependent empire will be an area not of trustee imperialism, which is an imperialism not to be condemned, but of that economic imperialism which is not unjustly denounced, if we make it an empire of the shut door.

We may ask, in conclusion, whether the full operation of trustee imperialism does not demand, in that aspect of it which concerns mankind at large, something more than the Open Door. Should mankind at large, through the League of Nations,

or some such international authority, be given some power of judging whether the trust is being performed, for the benefit of native populations as well as for its own general benefit, and some power of securing that it shall actually be so performed? There are some who would urge that Great Britain ought to accept the obligation of a mandate under the League of Nations for each and every part of the colonial empire, extending to the whole what at present is confined to a part. It might well be a forward step in the progress of humanity if that could be done—not only in the British, but in all colonial empires.

The greatest that Barker's idealism and liberal ideology can envisage for subject nationalities is the status of golden servility. Quite manifest is complacency in his view of British Colonial administration. He cannot dream of a condition of equality between the men and women of colonies and those of other states. Creative freedom and human dignity are denied to them even in the highest flights of his imagination. So far as the second item in his futuristic planning for the colonies is concerned, it is nothing but a scheme of the pooling of interests between the British empire and its rivals. Altogether, this sort of "trustee imperialism" is but old imperialism writ large. There is nothing in this world-planning that seeks to emancipate humanity from empire-holders, colonialism and foreign domination. A world-order, based on Barker's ideologies, is the furthest removed from de-imperialization (de-colonization) and de-ilbinization to which realistic and far-sighted British thinkers ought to address themselves.

It is interesting, however, to see that Japanocracy is already so much respected by British intellectuals that they are prepared to concede to it some of its demands. Evidently the might of the Japanese sword is the fundamental reality in Barker's liberalism.

Be this as it may, British liberalism should educate itself up to the level of visualizing a British commonwealth of which all the members comprising the colonies and dependencies behave to one another as allies and equals *de jure* and *de facto*. That consummation would be tantamount to de-imperialization as well as de-albinization. Be it observed that from the standpoint of military-naval-aerial defence de-imperialization need not automatically involve the physical separation of the colonies and dependencies from the UK and the Dominions. De-albinization likewise may not necessarily imply the total negation of political inter-dependence between non-whites and whites. The fundamental item in each category is factual equality.¹⁷

1941, June 22 Germany's Charge-sheet against Soviet Russia

While announcing to the Soviet Ambassador in Berlin Hitler's order to the German troops to march against Russia the Foreign Minister, von Ribbentrop, presents Germany's charges against the Soviet government. The statement reads in part as follows

"On August 23, 1939, a non-aggression pact was concluded, while on September 28, 1939, a frontier and friendship agreement was signed by the two States.

"The policy of the Soviet Union during the whole time was exclusively directed towards one object, namely, that of extending Moscow's military power wherever the possibility offered in the area between the Arctic Ocean and the Black Sea and of further Bolshevism in Europe. This began in the autumn of

17 For de-imperialization and de-albinization see *Pol Phil*, Vol II Part III (1942), pp 282-285, 308-311, 323-326. See also, *Infra*, "Asia for Asians as a Category of International Relations" (May 15, 1942)

1939 by the creation of military bases in the Baltic States, was continued in the war against Finland and in the summer of 1940 by the annexation of the Baltic States.

"Then, while the German army was still fighting in the west against France and Great Britain, the Soviet Union advanced in the Balkans. Although the Soviet Government had declared during the Moscow negotiations that they would never make the first move towards achieving a settlement of the Bessarabian question, the German Government were informed on June 24, 1940 by the Soviet Government that they were now determined to settle the Bessarabian question by force. It was stated at the same time that the Soviet claims also extended to Bukovina, that is to say, to a territory which was ancient Austrian crown-land and never belonged to Russia and had, moreover, not even been mentioned at the time of the Moscow negotiations.

"Molotov's visit (to Berlin) and conversations resulted in the following demands by Russia:

"(1) The Soviet Union desired to give a guarantee to Bulgaria, and, over and above this, to conclude with her a pact of assistance on the same lines as those concluded with the Baltic States, that is, providing the military bases.

"(2) The Soviet Union demanded an agreement in the form of a treaty with Turkey for the purpose of providing on the basis of a long-term lease bases for Soviet land and naval forces on the Bosphorus and the Dardanelles. In case Turkey should not agree to this proposal, Germany and Italy were to co-operate with Russia in diplomatic steps to be undertaken to force compliance with this demand.

"These demands aimed at domination of the Balkans by the U.S.S.R.

"(3) The Soviet Union declared that once more it felt itself threatened by Finland and, therefore, demanded complete abandonment of Finland by Germany which, in actual fact, would have amounted to occupation of this State and the extermination of the people of Finland

"Germany naturally was unable to accept these conditions which were laid down by the Soviet Government as the primary condition for co operation with the signatories to the Tri-Partite Pact. Thus the latter's efforts to come to an understanding with the Soviet Union failed. The consequence of the attitude adopted by Germany was that the U S S R had now intensified its policy more and more—only directed against Germany,—and that its increasingly close co-operation with Britain was clearly revealed

"In January 1941 the antagonistic attitude on the part of Russia first showed itself in the diplomatic sphere. The Soviet Government objected to the necessary military precautions taken, such as in Bulgaria against the landing of British troops in Greece, and designated Bulgaria and the two straits as their safety zone. Despite a statement of their reasons which the Germans laid before the Soviet Government, the latter published a declaration addressed to Bulgaria which was of a character directly hostile to the Reich

"This policy, however, reached its climax in the anti-German agitation in Yugoslavia, now conclusively proved by documents. When, therefore, the anti-German Belgrade *putsch* succeeded, Russia on April 5 concluded a friendly agreement with the illegal Government of General Simovitch which was to lend moral support to the *putsch* and with its weight assist the joint Anglo-Yugoslav-Greek front. Thus, at the same time,

while German troops were being concentrated on Rumanian and Bulgarian territory against the growing landing of British troops in Greece, the Soviet Union, now obviously in concerted action with the British, was attempting to stab Germany in the back by, first, giving Yugoslavia open political aid, secondly, attempting to move Turkey to help Russia in her aggressive attitude towards Bulgaria and Germany by an agreement not to attack her and to concentrate her army in very favourable strategic positions in Thrace, and, thirdly, by itself concentrating a strong force along the Rumanian frontier in Bessarabia and along Moldavia."

"Proceeding, the Note alleges that news had been received to-day from England about the negotiations which Sir Stafford Cripps, the British Ambassador, had with the Soviet Government, establishing still closer collaboration between the political and military leaders of Great Britain and the U.S.S.R." (Reuter). 1941, June 24. British Collaboration with Soviet Russia.

In the British House of Commons the Foreign Secretary, Eden, declares as follows: "We keep our eye on the target. That target is Hitler's Germany. Let us pay him the compliment of believing that he too keeps his eye on the target and that target is the British Empire which he rightly regards as the chief obstacle in his path to world domination. The invasion of Soviet Russia is not an end but a means. Through his attack upon Russia Hitler hopes to break the military power of that vast State and thus free himself from any contemporary or subsequent Eastern anxiety when he turns to duel with our own land."

Eden remarks further: "We are back to the German policy on Russia set out in *Mein Kampf*. Despite the sudden revolutions of Hitlerian diplomacy, he has in truth never stirred far from it

"In 1935 we agreed in Moscow with the Soviet Government to a statement which declared, amongst other things, that there was no conflict of interest between the two Governments on any of the main issues of international policy. The political systems of our two countries are antipathetic. Our ways of life are widely divergent but this cannot for a moment obscure the realities of the political issues which confront us today."

Eden then quotes what he describes as the latest false statement of the German Foreign Secretary, "While German troops were concentrating on Bulgarian and Rumanian territory against increasing landings of British troops in Greece, the Soviet Union tried in agreement with England to stab Germany in the back by firstly supporting Yugoslavia openly, politically, and in secret militarily, by trying, secondly, to influence Turkey, by giving her a covering guarantee, to adopt an aggressive attitude against Bulgaria and Germany."

"Those," continues Eden, "are Hitler's charges and in the face of these, I must make plain that much as we would have welcomed an agreement with the Soviet Union in order to maintain the solidarity of the Balkan people before they were overrun by Germany, an opportunity for such an agreement unfortunately never presented itself. By his influence and example, Sir Stafford Cripps has shown to the Soviet Union the fundamental desire of the British Government to maintain our relations upon normal footing."

In the House of Lords, Lord Cranborne declares that Britain and Russia are poles apart in matters of politics and religion but they have a common tie in facing the same ruthless foe. Liberal Viscount Samuel recalls that in the last war, Britain had rallied to Russia although there was profound disapproval of Czarism

It would be an error if either Britain or the United States fail in their efforts to aid Russia because at the end it is possible that Germany would be stronger than at the beginning on account of the added resources of oil and other supplies

1941, July 26 England denounces all trade treaties with Japan. The Japanese assets are frozen by England and the British Empire as well as by the USA. Japan retaliates by freezing British and American assets.

1941, August 14 The Atlantic Charter

Something like an alliance between the American empire and the British empire has been cemented by the meeting between President Roosevelt and Premier Churchill on the Atlantic. The following principles constituting a so called Atlantic Charter have been declared:¹⁸

1. Their countries seek no aggrandizement, territorial or other
2. They desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned
3. They respect the right of all peoples to choose the form of government under which they will live, and they wish to see sovereign rights and self government restored to those who have been forcibly deprived of them
4. They will endeavour, with due respect for their existing obligations, to further enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw material of the world which are needed for their economic prosperity.

¹⁸ *The Bulletin of International News* (Chatham House, London), 21 August 1941, pp. 1081-1082, 1107.

- 5 They desire to bring about the fullest collaboration between all nations in the economic field with the object of securing for all improved labour standards economic advancement and social security
- 6 After the final destruction of Nazism they hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want
- 7 Such a peace should enable all men to traverse the high seas and oceans without hindrance
- 8 They believe all of the nations of the world for realistic as well as spiritual reasons must come to the abandonment of the use of force Since no future peace can be maintained if land sea or air armaments continue to be employed by nations which threaten or may threaten aggression outside of their frontiers they believe pending the establishment of wider and permanent system of general security that the disarmament of such nations is essential They will likewise aid and encourage all other practicable measures which will lighten for peace loving peoples the crushing burden of armament

Dr Gobbels in the *Volksche Beobachter* (Berlin August 17) describes the Churchill Roosevelt declaration as a scrap of paper to which nobody but Jews plutocrats and Bolsheviks would pay any attention and is the insipid chit chat of a misfired imitation of Wilson

The Atlantic Charter is later criticised by Mic Govin of

the Independent Labour Party in the House of Commons debate on the King's Speech (Nov. 25) as follows:

"In my estimation the Atlantic Charter was one of the grossest pieces of deceit in modern times I have ever seen. It is to be applied to nations that have been overrun by Hitler while independent government which it proposes to give them is denied to territories that have been overrun in the past by Britain herself".

Regarding India Churchill had said (according to Mac Govern) that he was convinced that Indian political parties were not going to be given Dominion Status or responsible government for all India in any period which it was worth while to consider now. The Prime Minister, asserted Mac Govern, was a self-confessed opponent even of Dominion Status for those colonial territories which were occupied by Britain.

As regards America coming into the war Mac Govern said: -
"I am under no illusion. America at the moment is prepared to use British bodies to blast a way into the markets of the continent and to re-establish there the financial system of Wall Street."

"The Prime Minister's mind is more akin to fascist than any Fascist's and it has been transformed today into lip service for freedom while the whole position is really commercial and Imperial. On February 24, 1933 Mr. Churchill had said that British interests required them to keep out of the quarrel which had broken out in the Far East and not wantonly throw away their old and valued friendship with Japan and it was in the interest of the whole world that law and order should be established in the northern part of China because China was in the same state that India would fall into if the guiding hand of England was

withdrawn. The Prime Minister was both a self confessed advocate of aggression and a defender of Fascist aggression.¹⁹

1941 Benoy Sarkar Balancing in Colonialism.²⁰ In the sociology of international relations the approximate equations or parities between India and Poland India and the Balkan Complex indeed between India and the entire territory from the German to the Russian frontier and from the Baltic to the Eastern Mediterranean have a special significance which European scholars have hardly visualized. The freedom of the Poles Czechs Slovaks Hungarians Bulgars Rumanians Croats Slovenes Serbs Greeks and others in Eastern Europe is in sociology but in item of the same order as the freedom of the Bengalis Punjabis Marathas Madrasas Indo Chinese Javanese and so forth in Southern and Eastern Asia. The colonial regions of Eastern and South Eastern Europe may tend to be permanently treated as colonies semi dependencies or vassal states by the neighbouring great powers as long as the colonial and semi colonial territories of Asia Africa and America do not regain their political independence. This is a kind of balancing in colonialism which deserves to be specially investigated in the study of international patterns. The subject has escaped the attention of Rene Maunier (*Sociologie Coloniale* Paris 1936).

1941 September October The 'New Order' in German Europe.²¹ The London correspondent of the *Amrita Bazar Patrika*

19 *The Statesman* (Calcutta) 29 November 1941 p. 8

20 For fuller development of this thesis see *Villages and Towns as Social Patterns* (Calcutta 1941) pp. 72 75 534 535 565 566 575 578

21 See C. W. Guillebrud Hitler's New Economic Order for Europe (*Economic Journal* London December 1940 April 1941) as well as P. Einzig *Hitler's New Order in Europe* (London 1941)

(Calcutta, 15 October) reports that discussions on the reconstruction of the European economy and Germany's rôle in the new order were carried on for several weeks in the columns of the Berlin papers like the *Angriff* and the *Deutsche Allgemeine Zeitung*. Schacht and Göring believe in the economic unification or federalization of Europe under the German Empire.

Schacht, the author of the original plan, proposed the establishment of economic organizations in which small and large concerns were to be united as a single unit such as steel, textiles, etc. all linked up to the Department of the Ministry of Economics in Berlin. Schacht further proposed a single currency—presumably based on Mark—for all Europe as well as the removal of trade barriers and customs unions. Thus Europe was to be economically and financially under the control of the Nazi System.

Göring suggested a basic proposal to transfer all major industries from France and the Low Countries to the Danubian Balkan States, creating a huge armament factory in south-eastern Europe. He pointed out that the land in south-eastern Europe was overcrowded and the soil was poor but that wages were low reducing thereby the cost of industrialization of the Balkans. It was indicated, further, that the illiterate Balkan peasants could be more easily controlled than the highly skilled trade unionized Westerners. The lack of skilled workers and engineers in the Balkans rendered it necessary to import from Germany making firmer the Nazi control of the Balkans. Darre, Reichs-minister for Agriculture, supported Göring. He argued that the high quality of foodstuffs most essential to the self-sufficiency of a European plan was only procurable from the good soil and climate of Western Europe and the displaced trade unionists could be

planted on the land to grow food. The Nazi agricultural economists supported Dürre. The General Staff was divided in support of the Goring plan. The majority of them argued that the plan lacked elasticity. They pointed out further that strikes by workers engaged in basic raw material production would create a bottleneck.

To this Gobbels is reported to have remarked: 'What other front in addition to the Russian?' He succeeded in convincing that Schacht and Goring were both wrong. He argued at length that any step leading to the unification of ranks and European masses would be against the Nazi interest. He pointed out that a single economic organization would create basis for revolutionary upsurge against Nazism.

Gobbels proposed the creation of puppet Governments throughout Europe as against the economic unification plan.

In regard to Goring's ideas one may refer to A. Reithinger's *Wirtschaftsbeobachtung und Wirtschaftsordnung* (Berlin 1935) and *Das wirtschaftliche Gesicht Europas* (Berlin 1935).

The plans of Schacht and Goring differ on technical grounds. Or rather each emphasizes certain lines. But both are schemes for the planning of European unification—an economic Plan Europe. We encounter Napoleon's Continental System in a new guise adapted to modern rationalization. (*Supra* p. 372)

1941 November 3. 'The *New Statesman* (London)' in an article 'War News India' discusses the Indian political situation in relation to the war. After remarking that the demand of

22. Reuters report published in the *Amriti Bazar Patrika* the *Hindustani Standard* and the *Statesman* of Calcutta for 4 November 1941.

the Burmese Premier, U. Saw, for a plain undertaking that Burma shall become a Dominion immediately after the war, should stirle nobody. This British "liberal" weekly says "If the Government temporises (as it probably will) or refuses, U. Saw suggests the consequences may be unpleasant and even dangerous. 'Japan', as he puts it, 'is very clever.'"

This, says the *New Statesman*, is an adroit way of recalling to mind that the Japanese have used the Buddhist faith to establish fraternal ties with the Burmese "who might, if we follow U. Saw's train of thought, be as happy in Japanese 'Co-prosperity' system as in the British Empire unless indeed we choose to make them equal partners with the full status of a Dominion. This sharp reminder of some possibilities, latent in the new situation in Asia, may be salutary if it leads our Government to review our political as well as our military defences".

Pointing out that battle is approaching India as well as Burma the *New Statesman* adds that if the Russians should have to yield much more ground near the Caucasus and the Caspian Sea India's mood might weigh in the final issue as heavily as many armoured divisions. Reiterating the plea for a reconciliation and that Britain should come to an understanding in India, the paper says it is dangerous as well as unworthy to delay.

It observes further "The war has swung eastward and this Empire is no longer the only great power involved on our side. We gather that a feeling is growing in the younger generation, which is not pacifist in Gandhi's sense, and also on the left that it is intolerable that their great nation, as the hour of her destiny approaches, should remain a passive spectator of a struggle in which her future is involved as directly as our own."

It appears that the "liberalism" of the *New Statesman* is

somewhat acculturated to Japanocracy and the Asian Monroe Doctrine. It is much more so than Barker's (pp. 395-398).

1941. The Grand Mufti of Jerusalem, the Muslim patriot of Palestine, is abroad organizing Asian resistance against the expansion of Western domination. As an exponent of Asian Monroe Doctrine, he visits Iraq during Rashid Ali's attempts at independence (April) and Iran during the crisis that faces Riza Shah, another champion of the same doctrine. After the occupation of Iran²³ by combined Anglo-Russian forces in September, the Grand Mufti escapes to Italy *via* Turkey, confers with the Afghan patriot, ex-king Amanulla, at Rome, and proceeds to Germany (November). His present rôle is somewhat comparable to that of Saiyyad Jamaluddin (1838-97), whose position in the politics of Young Asia has been indicated in Vol. I of this book (pp. 61, 64, 348).

Recent developments²⁴ in Western Asia may be followed in works like the following

P. W. Ireland *Iraq* (New-York 1938).

23 For the "strangling of Persia" in August 1907 as well as the liberation of Persia in November 1917 (Lenin) see B. K. Sarkar *The Sociology of Races, Cultures and Human Progress* (Calcutta, 1939). Chapters on "Persia and the Persian Gulf (1906-1919)" and "Leavings of the Great War (1914-18)". For the current affairs of the Near East and the Middle East see the *Bulletin of International News* (Chatham House, London), for instance, the issue of December 27, 1941, *re* the Mufti, p. 2028.

24 For some internal affairs in Turkey, Egypt, Sudan, Iran, Afghanistan, Iraq, Saudi-Arabia, Palestine and Syria see Ramesh Chandra Ghosh *Constitutional Developments in the Islamic World* (Calcutta 1941).

R. Hüber: *Deutschland und der Wirtschaftsaufbau des Vorderen Orients* (Berlin, 1938).

D. E. Webster: *The Turkey of Ataturk* (Philadelphia, 1939).

B. Vernier: *La Politique Islamique de l'Allemagne* (Paris, 1939).

G. Antonius: *The Arab Awakening* (Philadelphia, 1939).

The political currents in Muslim Asia (Near East and Middle East) have been dealt with in Vol. I. of the present work, as well as in Part I. of Vol. II. References may be made to Part II. also, for instance, *Supra*, pp. 330-332. The discussion on "Asia for Asians" or the Asian Monroe Doctrine is likewise to be referred to (*Infra*, 1942, May 15).

1941, November 6. Stalin in a speech to the Moscow Soviet on the occasion of the twentyfourth anniversary of the October revolution says, among other things, as follows:

"The misfortune that the Soviet Union has passed through has not weakened the country, but strengthened it.

It is our duty to attack the enemy in his rear, not only in our territory but in his own and disorganize it. The Red Army relies on its rear but not the German army. There is no mercy for German occupation forces.

How can one explain the success of *Blitzkrieg* in western Europe and failure and collapse of it in the east? What were the German Fascist strategists relying on in asserting that they would finish off the Soviet Union? They were relying, first of all, on the fact that they would be fighting against the Soviet Union alone. They had hoped to form a general coalition against the Soviet Union having drawn the United States and Great Britain into this coalition. Hitler knew that his policy of

gambling against class revolution and putting one state against another was successful in France whose rulers, terrified by the ghost of revolution, surrendered in the face of Hitler's attacks and relinquished their right to defend themselves. German Fascist rulers thought the same thing would happen in the U.S.S.R."

This statement of Stalin's is at variance with his complaints broadcast by Reuter on July 17 and 30 about the existence of "sabotage" among the workers of Soviet Russia as well as "treason" and anti-Sovietic activities among her soldiers and officers.²⁵ His decree against "cowards, panic-mongers and deserters" is an index to the absence of unity in Bolshevik Russia.

1941, November 9. Addressing the "Old Guards" at Munich Hitler formulates what may be described as his "Continental System" in which one may read his Monroe Doctrine for Europe. "We have only one aim," says he, "and it embraces the continent—our Fatherland and beyond it all those who live in the same indigence as we. Berlin does not want to be the world's capital." Evidently it is implied that Europe is Germany's possession, dependency colony or special preserve just as Asia and Africa are Britain's and other Europeans' or Latin America of the U.S.A. (*Supra*, pp. 372, 406-408).

The German war strategy is described by him as follows. The aim of the fight is, first, destruction of powers, and secondly occupation of the enemy's supplies of ammunition and food. "Prestige successes are of no importance for us." "I shall certainly not sacrifice one more man than absolutely necessary."

25 B. K. Sarkar, *Villages and Towns as Social Patterns* (Calcutta, 1941) pp. 600, 602, 622, 624.

This strategy is illustrated with reference to the siege of Leningrad. "The town is encircled", he declares, "and no one will ever free it. It will fall into our hands, and, if it is said, only as a heap of ruins, I have no interest in Leningrad as a town but only in the destruction of an industrial centre. If it pleases the Russians to blow up their cities they will save us some work."

1941, November 11. The Associated Press of India reports in the dailies the statement of the Secretary, Home Department (New-Delhi) to the effect that a pact with the Axis powers has been signed by Subhas Bose at a conference in Berlin. It is also announced that Bose is at present in a European country and is maintaining close contact with the revolutionary party in India.

The Home Secretary's statement about Subhas Bose evokes the following warning from the Bengal Provincial Forward Bloc. "We would like to warn the Government", says the resolution, "that any suggestion veiled or otherwise to rouse against the revolutionary leader of India the passions of hatred associated with the stigma of a 'fifth columnist' will miserably fail and recoil on its authors. Subhas Bose has one burning passion in his life—the liberation of India from foreign yoke."²⁶

1941, November 15. Stuart Chase: "Power Politics vs. World-Conquest" (*The Progressive*, Madison). If Britain goes down, the Axis powers will be supreme in the Old World. Germany and Japan may well fall out over the division of the spoils, but it is not safe to count on this. The American national interests would be jeopardized, especially through Axis pressure on Latin America. So it is sound power politics to help the

²⁶ *Hindusthan Standard* and *Ananda Bazar Patrika* (Calcutta, 15 November 1941).

British hold out and thus assure one friendly Great Power in the Old World. The 'appeasement' of Japan is equally justified. If we could entice Japan from the Axis, then there would be three Great Powers,—the U.S., Britain and Japan,—to hold the military balance against Germany.

According to Chase, "Russia is probably finished as a first class military establishment,—although she may survive as a second string power behind the Volga. She has plenty of man power and courage left, but she has lost too many planes and tanks, together with too many factories."

As for the United States, Chase believes that "no more than a division or two of regulars could possibly be sent abroad for at least two years. We lack the guns, tanks, planes, ammunition. We have not the metals available to produce the equipment. We have not the ships to transport and supply a mass army. We shall not have a two-ocean navy until 1946."

1941, November 25. The Anti-Comintern pact (est. 1936) is renewed for five years and expanded by new adhesions from among the allies, associates and vassals of victorious Germany. This is, further, strengthened by the declaration of Japan, China and Manchoukuo on 1 December 1941 to continue to promote the "new order in East Asia" in spite of the opposition of the Comintern supported by Anglo-American diplomacy in and outside of China. (*Supra*, pp. 300, 310, 319, 342, 366)

1941, December. International Japan on the Eve of Japanese War on the American, British and Dutch Empires. Writing in the *Free World* (New-York) Peter Stevens traces the developments in Japan's foreign policy from 1927 as follows:

Hitler's *Mein Kampf* aims at the domination of the world, beginning with the conquest of the European continent.

Japan's *Mein Kampf*, the Tanaka Memoir, aspires as high and is even more complete in its plans. It was presented to the Mikado by the late General Tanaka in July 1927, when he was Prime Minister. It was the result of a conference between the highest civil and military officials of Japan, called for the purpose of establishing an immediate plan for the colonization of the Far East.

In the chapter on "General Considerations" it states: "In future, if we want to control China, we must first defeat the United States of America as we have smashed Russia in the past. But in order to conquer China, we must first conquer Manchuria and Mongolia. In order to conquer the entire world the conquest of China is a pre-requisite. If we conquer China, the other countries of Asia and those of the South Sea Islands will be intimidated and they will surrender to us. Being in possession of China's resources we can proceed to the conquest of the South Sea Islands, India, Asia Minor, Central Asia and even Europe."

In the chapters on "Railroads and the Development of Our New Continent" it states:—"In order to execute the programme of our national expansion, a second war with Russia in North Manchuria will be a necessary step. If that rock is not destroyed our ship of state cannot go forward without peril. The Yamato race must embark on a conquest of the world. Our first step was the conquest of Formosa (1895), the second the annexation of Korea (1910). The third step was the conquest of Manchuria and Mongolia (1931-1932), and next comes China proper, now in process of being taken. When all this will be done the rest of Asia including the South Sea Islands will kneel before us. It is the crime of your Majesty's humble servants that this last step is not yet taken. As we have not enough resources at our dis-

posal, we should be vanquished in moving too soon, especially if Britain and the United States united in order to counter our action. In order to preserve our race and to give a warning to China and the rest of the world we have to fight America now or later" (*Supra*, pp 244-245).

The existence of the Tanaka Memoir was denied by the Japanese when the text was published by the world press after the Manchurian incident in 1931. But it has been translated and distributed in China since 1929 without denial by Japan. Its existence was later proved to the world by Mr. T C Wang, Chinese authority on Japanese affairs, in a booklet called "*Le Péril Jaune*" published by the International Peace Campaign in Geneva in 1938.

Since 1937 Japan has carried out in a methodical way the plan for the conquest of Asia. In July 1937, North China was invaded. From 1937 to 1941 eleven provinces of China proper were occupied by the Japanese armies. Two puppet regimes under the control of Japan were established in Peiping and Nanking. French Indo-China was completely occupied by Japan in 1941. If the British, American, and Dutch possessions in the Far East, Australia, New Zealand, and Siberia are not yet invaded by Japan, it is only due to the lack of time and opportunity. No considerations except a superior military force can prevent Japan from carrying her plans to completion.

Ever since the Sino-Japanese conflict the theory of Japan's *Mein Kampf* has been added to by Japanese statesmen. General Araki, the once powerful chief of Japan's militaristic clan, wrote in August, 1932, in the *Kaikossa* magazine as follows:

"Our country intends to enforce her national ideal through the seven seas of the globe. We must do it by war if necessary.

We are the descendants of God and should rule the world. But in order to conquer the world we must first get the raw materials of China." (Reprinted in the *Petit Parisien*, Paris, November 23, 1932).

In order to justify their occupation of Manchuria and Mongolia the Japanese proclaimed regions of China to be their 'vital space' as Hitler's Germany proclaimed the territory of her neighbours to be her '*Lebensraum*.' The Premier, Prince Konoye, who had launched the present Sino-Japanese war in 1937, announced a plan for the creation of a new order in East Asia under Japanese leadership. Having started the war in Europe, Hitler announced his creation of a new order in Europe with Fascist Italy. In 1938 Japan's new order area included officially only Japan, China and Manchoukuo.

Being encouraged by Germany's success in her aggression in Europe, Japan's new order area was transformed into "A Greater East Asia Co-prosperity Sphere" and was extended to the Philippine Islands, Singapore, Indo-China, the Dutch Indies and India. Nazi Germany's new order area also was extended actually to the whole European continent and theoretically to Great Britain, Africa and South America.

According to Article II of the Axis Triple Alliance Pact, Japan is to recognise and respect the leadership of Germany and Italy in establishing a new order in Europe. Germany and Italy are to recognise and respect the leadership of Japan in establishing a new order in Greater East Asia.

To complete Japan's *Mein Kampf*, Finance Minister Kinori Kaiya of the present Cabinet declared openly on November 10, 1941 that Japan intends to "force Britain and the United States to retire from East Asia." Japan's continental

policy aims at the conquest of Asia by the army and the maritime policy aims at the conquest of the South Sea Islands by the navy

When the American and British fleets were all powerful and China or Russia relatively weak, the continental policy was put on trial. When France was defeated by Germany, Japan occupied Indo-China. Now, while the British and American fleets are busy in the Atlantic, Japan is attempting to carry out the maritime and continental policies at the same time.

Premier Hideki Tojo, in a detailed declaration before the Diet on November 17, reaffirmed Japan's "immutable principle of creating a New Order in East Asia." He accused the United States, Great Britain and the Dutch Indies of obstructing Japan's policy by taking military and economic measures against her, and declared that they "should refrain from obstructing our successful conclusion of the China affair, should refrain from presenting a direct military menace to our Empire, should avoid such measures of hostility as an economic blockade and restore normal economic relations with Japan." And Japan will "exert her utmost efforts to prevent the extension of the European war and the spread of the disturbance in East Asia."

This declaration of foreign policy by the new Japanese Cabinet merely reaffirmed that Japan is compelled to go forward with her *Mein Kampf* for the conquest of Asia. It is a manifestation of weakness, for if the American, British and Dutch economic blockade and military preparedness were not mortal to Japan, she would not insist on their suppression. Chinese resistance, and the British, American and Dutch economic and military measures of defence are the only language that the Japanese militarists can understand.

The description by Peter Stevens of the Tsinaka plan of Japinification is instructive to the researchers in political science and international relations. In so far as the Tsinaka memorial is an authentic document it is a blunt and brutally honest statement of the only methods followed by every powerful group, race or country to promote its interests in the teeth of opposition from rivals and push forward its expansion (*Supra* pp 372-380).

There is nothing exclusively Japanese in the Tsinaka programme. Nobody since the Mohenjodarian and Mycenaean times has ever been able to advance without keeping the rear safe. This philosophy of expansion is too elemental. It is the first postulate in the Kintilyin doctrine of *mandala* (sphere of political interests). A realistic and penetrating analysis of the facts exhibited in Seeley's *Expansion of England* would but serve to verify this most human and primordial truth. All the existing empires of the world today are trying to follow exactly the same maxim in case they do not fear that their expansion has already reached the saturation point. The Tsinaka Memorial is a valuable document of the universal human nature in politics.

1941 December 7-8 Japan attacks the American and British empires at Hawaii, Hongkong, Manila and in the Malayan Peninsula and in a day or two also the Dutch Empire in Borneo. The expulsion of European America from Asia and the establishment of open door in the USA, Canada, Australia, New Zealand, South Africa and so forth with a view to Asian immigration and colonization are being attempted by Japan on the strength of her Asian navy, air fleet and army. Equality is being established between East and West. This is considered by her to be a great second step since her triumph over Russia.

in 1905 and is quite in keeping with the Tanaka plan of Japanification. Eui-America is now on the defensive.

Thailand enters into alliance with Japan, and Germany and Italy as Japan's allies declare war on the U.S.A. within a week. On January 25, 1942 Thailand declares war on the British and American empires.

While in the United States Premier Churchill declares in the last week of December that the Anglo-American empires would "teach Japan a lesson which her people and the world would never forget." The objective facts are patent on the surface. Eui-America's challenge to Asia is now nearly two centuries old. It has at last been accepted by Japan. Political philosophy bids fair to be furnished with new categories in the international and inter-racial domains. Japanocracy is being added to albinocracy as a form of imperialism or colonialism.

By the fourth week of January 1942 the Japanese empire finds itself master of Hongkong (23 December 1941), the Philippines (2 January 1942), four-fifths of Malaya, Southern Burma up to Moulmein, Borneo, Celebes, New Guinea, Bismarck Archipelago and a large number of islands. The Pacific Ocean has been transformed into a Japanese Sea. The command of the Pacific is in Japanese hands.

✓1942, January—Match. T. K. Shahani. "Neutrality and the Law of Neutrality in Recent Times" (*Indian Journal of Political Science*, Allahabad). The House Foreign Affairs Committee report upholds the Kellogg-Briand Pact as a part of international law which allows a signatory "to decline to observe toward the state violating the Pact the duties prescribed by International Law, apart from the Pact, for a neutral in relation to a belligerent (and to) supply the State attacked with financial or

material assistance, including munitions of war, says Q. Wright: "The Lend-Lease Act constitutes the first legislative endorsement (since the Napoleonic period) of measures other than war openly against belligerents and in favour of others. It authorizes abandonment of impartiality in the interest of American defence, but, according to the Congressional reports, only in case of international hostilities initiated in breach of obligations. It, therefore, draws away from neutrality and toward responsibility for world-order. The history of the past 25 years in which the principles of isolation, neutrality and impartiality have repeatedly failed to prevent war, to avoid war, or to keep war from spreading would seem to justify a departure from those principles. Thus the United States comes to be the 'arsenal of democracy' without which the 'Atlantic Charter would be a pious hope'. That this material should really be in possession of other countries in defence of Axis raiders and submarines, the Neutrality Act of 1939 had to be shorn of the obstructive clauses of the Act and the present position (November 1941) is that the United States vessels can carry those materials even to the ports of the belligerents that the United States wants to aid (England, Russia and China), that those vessels be armed and allowed by the President to travel in "the combat zones". Hereafter if the law of nations does really mean law, order and justice, the present Law of Neutrality must come in for that overhauling in which one scarcely sees any trace of 'impartiality' still left. Immortal Grotius!

1942, January 27 At the House of Commons Premier Churchill speaks on the war against Japan as follows

27 *American Journal of International Law*, April 1941

On December 7th the Japanese by a sudden and treacherous attack crippled for the time being the American Pacific fleet and in a few days inflicted a heavy naval loss on us by sinking the *Prince of Wales* and the *Repulse*. For the time being therefore the naval superiority in the Pacific and the Malayan Archipelago passed from the hands of the two leading naval powers into those of Japan.

How long it will remain in Japanese hands is a matter on which I do not intend to speculate but at any rate it would be long enough for Japan to inflict many heavy and painful losses on all the united nations who have establishments and possessions in the Far East. Japan will no doubt try to peg out claims and lodgments over this immense area and to organize in the interval before they lose their command of the seas and local command of the air which will render their expulsion and destruction a matter of considerable time and exertion.

I expect and I have made no secret of it that we shall both of us receive severe ill usage at the hands of the Japanese in 1942 but I believe we shall presently regain the naval command of the Pacific and begin to establish effective superiority in the air. And then later on from the great rivers in Australia and India and in the Dutch East Indies we shall be able to set about our task in good style in 1943.

The contribution of Japan to the Axis strategy against the Anglo-American bloc is appraised by Churchill in the following statement.

The defeat of Japan will not necessarily entail the defeat of Hitler whereas the defeat of Hitler will enable the whole force of the united nations to be concentrated on the defeat of Japan.

It is worth while to notice that Japan has no direct territorial or maritime contact with her partners, Germany and Italy. But the Russian, Chinese and British-Indian land surfaces are connected with one another in a direct manner as well as through Afghanistan and Iran. Besides, the sea contacts of the British Empire with U.S.A. as well as of both with Russia through the Arctic, the Indian, the Pacific and the Atlantic Oceans are almost quite intact in spite of the German sub-marines, Italian navy and the Japanese ocean-power. At the present moment, then, the strategic position of the Anglo-American empires is more favourable than that of the Axis. (See *Pol. Phil.*, Vol. II, Part III., pp. 285, 323).

1942, January 30. Turkish Orientations on Balkan Politics. According to the Istanbul correspondent of the *Times* (London), one of the essential conditions for the success of the idea of a Balkan Federation is considered to be that all Balkan countries should give up Utopian yearnings for the creation of huge empires at the expense of their neighbours, and realize that the Balkans are unfit for imitation Bismarcks or Fredericks. Also after the stage of creation and infancy, the Balkan Federation should be left free from the interference of other great Powers and that *noblesse oblige* Britain and Russia should give a good example thereby preventing the recurrence of past errors when each Balkan country claimed the protection of some great Power or other and when rival parties within each one of them labelled themselves British, French, Russian, German or what not; that due care should be taken to develop the economy of the various Balkan countries on parallel and not competing lines, due regard being paid to the natural resources and natural abilities of each nation. (The "Balkan Complex" as Colonies, *Supra*, p. 406).

1942, March 8 The Japanification of Dutch Indonesia According to Reuter the Japanese army authorities at Batavia have informed the Dutch authorities of the establishment of a "military administration in the Netherlands Indies."

A six-point proclamation to the Mayor of Batavia and other officials contains the following,—“The Commander of the Japanese forces shall take over the duties of the Governor-General. Local laws and the administration will remain if they do not interfere with the military administration. The Japanese authorities will respect the lives and religion of the local populace. Communication with the enemy, destruction of property or resources and any act likely to disturb the financial or economic conditions would be severely dealt with.”

The proclamation declares that “the military administration, aims at the restoration of peace and order and normal conditions in the Netherlands East Indies on the principles of co-existence and co-prosperity for all.”

The expansion of Japanocracy at the cost of albinocracy is, then, a *fait accompli* in Indonesia. A European empire is annihilated in Asia, for the time being. It is an event of world-wide importance in political science. The world is interested to see how long this Japanification of Asia, the embodiment of the Asian Monroe Doctrine under Japanese auspices, endures. What pattern of *swaraj* or national autonomy is conferred on Indonesians is likewise a matter for scientific curiosity in Asia and Africa as well as Eur-America.

In the academies of political philosophy and international law the world over, researchers would watch from now on what kind of constitution for Indonesia Japanocracy is capable of evolving. An important problem is the question as to whether Indonesians

believe that they are getting the freedom and sovereignty as desired by themselves in their cult of "Asia for Asians."

Another important item is the fact that in Indonesia there are at least fifty thousand men and women of pure Dutch parentage as well as other Europeans, i.e. whites. For them Japanification is nothing but non-white rule over the white race. What kind of constitution these whites are going to get in the Asian Monroe Doctrine under Japanese auspices is an unknown entity. It is obvious that since the capture of Constantinople by the Turks in 1453 so many Europeans have not been brought under subjection by Asians for quite a long time. The question of Asian rule over Europeans is acquiring a new scientific value parallel to that of Eur-American rule over Asians and Africans. The world is witnessing new varieties of colonialism and imperialism on account of the annihilation of albinocracy in Indonesia.

1942, March 11. Indians Treated with Contempt by Englishmen. Speaking at the Central Legislative Assembly (New Delhi) Sir Vital Chandavarkar observes in part as follows:²⁸

"One aspect of the British rule in India is that Indians have been kept out of the defence policy of the Government. We Indians were treated with contempt. If we run away now the responsibility is that of Englishmen. There was never a time when the Government was more divorced from the public than at present."

1942, March 14. The Defects of British Colonialism. According to the *Times*²⁹ (London) "the British colonial system

²⁸ Report of the Associated Press in the *Hindusthan Standard* (Calcutta), March 13, 1942.

²⁹ Reuter's report in the *Leader* (Allahabad), 15 March 1942.

has been too long and too deeply rooted in the traditions of a bygone age and it has retained too much of that satisfied spirit of inequality and discrimination whose last strongholds are now being rapidly attacked and eliminated in our contemporary society. To break down the economic, political and psychological barriers which still sharply divide colonial communities is a task calling for intense determination and infinite patience." "Misguided conceptions of racial prestige" are grave obstacles which remain to be surmounted if "democracy is to have any meaning or appeal for colonial peoples" The "fissiparous tendencies and inherent weaknesses" of the "plural societies" of British Malaya have been "luridly revealed by the Japanese assault" (*Pol Phil*, Vol. II, Part III, pp 121, 316)

1942, March 25 Material and Moral Shortcomings at Singapore. Asking for a Royal Commission to inquire into the fall of Singapore Lord Addison says in the House of Lords in part as follows "It was not a sudden overwhelming loss but the *finale* of two months' series of events during which one event after another betrayed unmistakable evidence of lack of forethought by those on the spot, lack of appreciation of the power of our enemies, lack of adequate and appropriate equipment, of training of troops, and of establishment of right relations with the native populations I think it is material to inquire who was responsible for the fortification of Singapore, how it came about that the staff work was so deplorable, that there were no land defences, that waterworks were left open and that the Johore hills were undefended * * * The military were still behaving as if peacetime soldiering were the goal,—not much work on Saturdays and none, if you could help it, on Sundays. * * * The mentality of the people responsible is just frightful. The civil

authorities failed to evoke the help and goodwill of the native population. The colonial administration has not been what it ought to be." (*Pol. Phil.*, Vol. II., Part III., pp. 318-321).

Speaking in favour of Addison's resolution Lord Wedgwood says: "No effort has been made to join up the colonial peoples as comrades in the fight. It is no good taking them into pioneer corps as coolies,—they immediately see you don't regard them as equals. We should break down the colour bar and establish instead a fellowship of free comrades fighting for a right cause."

1942, March 27. India's Indifference to British War-Appeal. The *National Herald* (Lucknow) writes on the "National Front" as follows: "The response to the Viceroy's call for a 'national front' has been so poor that any Government, less shamefaced, would have abdicated in despair. The gulf between the people and the Government cannot be bridged by grand platitudes. Annotating the Viceroy's appeal Sir Thomas Stewart, Governor of Bihar, said in a speech at Patna that there rested on every one, whatever his status and whatever his affiliation, a binding obligation to join in this movement. This the Congress has emphatically repudiated. It does not occur to Lord Linlithgow that Governors with their advisers are not the men to organize people's fronts. The public mind cannot be 'managed' so easily. This public mind does not understand till today what Britain means when she says she is fighting for democracy.

"Lady Linlithgow wants women to combat defeatism and Japanese-manufactured lies. We wonder how many women are responding to Lady Linlithgow's appeal, that is, how many, apart from the wives of bureaucrats who can talk and ply needles and collect scrap. Lady Linlithgow was exactly not thinking of the real leaders of women in India but of the birds of passage

and leisurely blue stockings who read war magazines. It is not those women who win wars * * * It is a stupid caricature of a people's war. Phrases do not convert people. More constructive work has been done within the few days of their release from jail by Congressmen than by all the official organizations in these two years. Is it Rajen Babu or Sir Thomas Stewart that reflects the public mind in Bihar? Is Sir Maurice Hallet more representative of the people than Pandit Govind Ballabh Pant? To spread dope, to hustle the people into panic, to mislead it with slogans would not lead to the formation of a national front."

1942, March 29. The Dominion Status for India in the Draft Declaration of the British War Cabinet. Sir Stafford Cripps brings to New Delhi the Draft Declaration which contains the British promise about the "earliest possible realization of self government in India."³⁰ The declaration says that at the end of the war, "the object is the creation of a new Indian Union which shall constitute a Dominion associated with the United Kingdom and other Dominions by a common allegiance to the Crown but equal to them in every respect and in no way subordinate in any aspect of its domestic and external affairs."

The Declaration is provided with a number of provisos and conditions which are to be discussed by Cripps with Indian leaders. The conditions are rather peculiar. Negatively, it may be observed, in the first place, that the Declaration offers no prospects to the poor and the pariah in the matter of suffrage and is therefore unacceptable to genuine socialists, communists or other leftists. Secondly, it does not concede the religious principle in state-making (provincial boundaries) and does not

formally guarantee the Pakistanic ideology. The Muslim League can therefore have hardly any interest in the Declaration. Of course by Article C 1 it enables provinces to secede but not categorically on the religious issue. In case of eventual secession the Muslims may be left alone to establish a new province without Hindu majority or minority. But such an exclusively Muslim province is not foreseen in the Declaration.

Thirdly, by the same Article C 1 it deliberately and plainly promotes the atomization pulverization or Balkanization of India into innumerable units and destroys the existing unity. It is therefore poison to the Indian National Congress and the Hindu Mahasabha to both of whom the unity of India is a first postulate.

From all these considerations the only sweet and tempering thing in the Declaration should appear to be the category Dominion. But nobody is likely to approve it is anything more worth while than the Dilli Ki Lidda (sweet bill of Delhi) of which jo khat bay with bhi putit hu aur jo ni khat hu us bhi putit hu (the fellow who eats regrets or regrets is much is the one who does not eat). Perhaps the British War Cabinet intends it is a wartime delivery in order to gull a few mollycoddles into attitudes of friendly response. But shrewd statesmen of the red blood type may not be hoodwinked by this sop. It is undeniably hollow and misapplied to those who are looking for some genuine favour and some substance of freedom.

The cruelty involved in the entangling offer of Dominion Status is palpable. It is upon the cessation of hostilities that the attempt to creating the Dominion is to be made. This time factor is to say the least the most dangerous item in the conditions with which the offer is saddled. The war is not likely to

end before 1945. It is obvious that meanwhile circumstances will change and unfavourable conditions may arise, nay, may be engineered, and these are calculated to jeopardize even the very talk of the word, Dominion. The world today is so mixed up inter-regionally or inter-racially that even extraneous (non-Indian) agencies may get interested in creating new forces within India such as are likely to prevent the people from coming to a decision about any constitution. In post-war years there are chances not only of the British and American peoples but even of the German and the Japanese, the Russian and the French, the Italian and the Dutch, nay, of the Chinese and the Turkish, to come forward as advisers, friends or wellmeaning colleagues of the Indians in regard to nationalist, socialist or Islamic political strategy and tactics. Such meddlings can hardly be avoided by Indians.

In any case, the scheme envisaged by the Draft Declaration,—whatever it be, good, bad or indifferent,—may not materialize, if at all, within a decade or so of the end of the present war, i.e., before 1955. One ought to recall the complications that preceded the Government of India Act 1935. It is in the hope of getting some questionable delicacy about half a generation afterwards that the Indian leaders are being exhorted by the British War-Cabinet to help the British Empire against its enemies unconditionally at the present moment as mere hewers of wood and drawers of water. (Addison's coolies, p. 427)

The Constitution-making Body, as suggested in the Draft Declaration, cannot appear to be acceptable to any progressive, nationalist, democratic or socialist party because it is to be elected (Article D) by the existing Assemblies, which are essentially plutocratic, anti-democratic and unrepresentative. In order to be

genuine and worth while the constitution-making body ought to be elected by the entire people on a mass-basis and without reference to the existing Assemblies or Councils. Cripps has brought with him but a parody or caricature of a "constituent assembly." Besides, it ought to be the first function of a constitution-making body to formulate the scheme of the Dominion or any other constitution desired by the people. The constitution-making body ought not to be bound by the plan as envisaged by the British War-Cabinet in its Articles B and C, 1 and 2. In case the Indian states be permitted to participate in the constitution-making body (Article B) they will have to submit to the same democratic and mass procedure as the provinces. According to the Draft Declaration, the constitution-making body is to be composed of provinces as well as states. But some of these states, nay, all may care to stay outside the contemplated Indian Union (C, 1 and 2). To all objective observers, nothing could be more unreasonable and tyrannical.

By virtue of Article C, 1 and 2 the Draft Declaration atomizes, pulverizes or Balkanizes India virtually without limit by conceding the right of accession or non-accession to almost any unit. It visualizes a large (x) number of units some of which are to be designated as Dominions. It does not formulate, in so many words, and indeed consciously opposes, the establishment of a centralized or federalized Indian unit.

The atomization, pulverization or Balkanization of India assumes the following *Gestalt*:

1. Indian Union (an association of certain provinces): a Dominion.
2. An x number of non-Union provinces: several Dominions.

3 States neither federated (unified) nor members of the Union

These are the three categories of Indias brought into being by the Draft Declaration. An important item has not been indicated in it. This relates to the manner or form of controlling, co-ordinating, governing, regulating or "rationalizing" these numberless Indias. This item remains *ubiqua*, i.e., it has to be understood as a matter of course. It is postulated without question that the complex of Indian Dominions and States is naturally to be unified, centralized or federalized by an Administrative Authority, which inevitably is a British organization (the India Council of the British Parliament?) equipped with a delegation in India (the British Viceroy or Super-Viceroy?). Perhaps the British War Cabinet has in view for all the Indias some sort of co-ordination such as is exercised by the British High Commissioner in the diverse settlements, states, federations, etc. of the Malay Peninsula. The power of the British *Raj*, which it has been the object of the Indian freedom movement to nullify or curtail, remains therefore as it is in spite of the grandiloquent preamble about India's equality with England and the Dominions.

The Draft declaration has admitted without camouflage the most obstinate reality that India, like Europe, is not one and cannot be unified. This is a bitter truth notwithstanding our pious wishes to the contrary. But for England to admit this position is rather curious as it has been her perpetual patriot cry that the unification of India has been accomplished by herself. Be this as it may, the Draft Declaration seeks to pose the atomized Indian Union, Dominions and States *vis-à-vis* the British *Raj* in the relation of Lilliputian pigmies towards a giant. It is well cal-

culated to compel them to realize their weaknesses in transactions with the almighty Boss.

Altogether, the Draft Declaration is a fine and wonderful specimen of genuine British tradition in *Realpolitik*. It serves to carry forward the might of the British Empire and strengthen it in new ways in so far as its relations with the Indian peoples are concerned.

The Draft Declaration is rejected without delay by the Hindu Mahasabha and the Association of Sikhs. Cripps carries on lengthy negotiations with the Indian National Congress and the Indian Muslim League. The Congress and the League reject the Declaration on April 10.

The grounds on which the Congress rejects the offer have no bearings on the constitution of the Dominion Status that may or may not be promulgated on some future date. It is in connection with the freedom desired at once by the people of India that the Congress parts company with the British War-Cabinet. The observations of Nehru and Azad may be referred to (*Infra*, pp. 434-436, 442-445).

In the Press Conference at New Delhi on 12 April Jawaharlal Nehru³¹ who is present on behalf of the Congress in most of the discussions with Cripps summarizes the entire drift of the proceedings as follows: "For the present the whole thing comes down to this, that we agree to join the Viceroy's Council practically unconditionally except for the very vague background of what would happen in the future." It appears that Cripps in spite of his epoch-making success in weaning Soviet Russia away from Germany fails to bamboozle the Indian National Congress.

³¹ *Hindusthan Standard* (Calcutta), 13, 14 April, 1942.

In a statement to the press on April 13 Nehru says further as follows

Sir Stafford has told us that the British Government is not going to take any further initiative to solve the Indian problem. We expect no initiative from them as they have managed to get completely stuck in the luts of their own making. We do not rely on the British Government for anything except to obstruct political and economic advance in India.

In any case the Drift Declaration has been withdrawn by the British Government. The Cripps episode can then be treated as a parenthesis of three weeks in the annals of Indian freedom movement.

The student of international relations is reminded over again of the importance of *vishwa shakti* (world forces) for the remarking of a people's destiny. It is the eve of the Japanese attacks on India that her master chooses for offering her something he considers to be high enough. Another item deserves notice. The Indian freedom movement is already so powerful that the British War Cabinet considers it worth while to negotiate with it. And finally for the Indian National Congress to be able to reject the offer after long lengthy discussions with the British hero of Moscow fame—the most seasoned diplomat of the hour—bespeaks a no less strengthening of the Indian morale and a no less straightening of the Indian backbone. In the European academies of political science this elevation of the Indian people cannot but be noteworthy.

1942 March 29—April 12. Stafford Cripps as Representative of the British War Cabinet in India.³⁷ In connection with the

³⁷ *Amrita Bazar Patrika* Calcutta 30 March 1942; *Hindustan Standard* Calcutta 13 April 1942.

Draft Declaration of the British Government about India Stafford Cripps holds a Press Conference at New Delhi (March 29). The Associated Press describes it as having been "attended by nearly 200 people including British, American and Swiss, besides Indian correspondents. Halfway through he took off his coat both physically and figuratively and at one stage dealt sharply and severely with a questioner who was heard to make disparaging remarks about British intentions and pledges.

"Sparks flew as he turned on him and rapped out. 'I have a long bearing temper but there is a limit to it and if you propose to make adverse comments against the British people or the Government, I shall terminate the conference.'"

On April 12, speaking at a Press Conference at New Delhi about some of the observations of Cripps in his last Radio broadcast (April 11) J. L. Nehru says: "For Sir Stafford to say that we were bargaining and using the language of the market place or of the petty-fogging lawyer shows that Sir Stafford, I regret to say, considers, as most British statesmen consider, the whole question from the standpoint which in this wide world is peculiar only to England, a singularly complacent attitude that they alone are right and those who are against them are not only in the wrong but damnably wrong."

Nehru objects to the expression, "bargaining." But objectively speaking, it points but to India's elevation in the diplomatic sphere. It is higgling that constitutes the core of genuine international relations. In political science circles in Eur-America Cripps's statement would imply that Nationalist India is today strong and self-conscious enough to higggle and to bargain.

In the same conference Nehru refers to the communalistic tendencies of Cripps as follows: "The communal issue in any

form was never discussed except that Sir Stafford Cripps often repeated one formula, that he was only concerned with agreement between three groups in India, the British Government, the Congress and the Moslem League. He did not care whether others agreed or not but if any of these three did not agree the scheme fell through."

"For the first time," Nehru goes on, "this question was definitely emphasized by Sir Stafford Cripps in his letter dated 10 in which he used the phrase, 'tyrannical rule of the majority.'" Now for an eminent lawyer and constitutionalist like Sir Stafford to use these phrases in this manner is extraordinary. We were thinking in terms really, not even of a legislature, but of a Cabinet consisting of fifteen persons. What the proportions in that Cabinet may be we never discussed. Suppose there was the so-called Congress majority in it, though as far as I can gather, the Congress was not thinking on those lines, but his mind was continually functioning, balancing the different communal factors. Suppose, then, in a Cabinet of fifteen there was a Congress majority of eight or nine. Now, Cabinets, if they are to function at all, cannot function and do not function, especially in war time, by bare majority. You must have a certain homogeneity or common outlook, otherwise the Cabinet may break up. Sir Stafford has been continually reminding us of the ultimate sanction of resignation. If we had that ultimate sanction, so also every group in that Cabinet had ultimate sanction. So to talk of the tyranny of the majority is amazing and fantastic nonsense."

"In one of his letters," says Nehru, "Sir Stafford mentioned he had seen something or other in the Hindu Press. When further questioned, he said he meant the *Hindustan Times*

That in itself shows how he was continually thinking, in regard to every matter, in terms of Hindu and Moslem, which even Mr. Jinnah does not do."

Cripps is then more interested, first, in the vindication of British prestige and, secondly, in the promotion of Hindu-Muslim diversities than in Dominion Status or freedom for India.

1942, April 2-4. American Appraisal of India as a Power in World-Politics.

Taking part in the controversy between the diverse political parties of India and the British War-Cabinet represented by Stafford Cripps on the question of the Dominion Status and India's all-out war effort against Japan the *New York Times* observes as follows: "Every word from India during these fearfully decisive days is like news from a mighty battlefield on which the fortunes of war flow now one way, now the other." India is evidently already a power among the powers in world-politics. This is in part a result of Young India's utilization of *vishwa-shakti* (world-forces) since the *Swadeshi* revolution of 1905. America's interest in Indian freedom was getting awakened during World-War I. (1914-18) on account, among other things, of the political propaganda carried on by Indian nationalists, e.g., Lajpat Rai, Tarak Nath Das and others, on the same lines as by Czech, Slovak, Polish, and other European nationalists. The "foreign policy" of Young India has been all the time commanding a substantial proportion of the total constructive activities of patriotic India, nationalist as well as socialist.³³

But in the appraisal of Indian publicists America's interest

³³ For Indian nationalist activities in America and other foreign countries see the present author's *Sociology of Races, Cultures and Human Progress* (1922, 1939), pp. 67-73, 303-307, 358-367.

in the Indian freedom question is found to be inadequate and prejudiced in favour of the British Empire. *The Amrita Bazar Patrika* (Calcutta, April 4) says "The *Washington Post*, evidently under British inspiration, has lashed itself into fury and sermonized Indian leaders on the consequences of their rejection of the British proposals" "America has her own minority problem," the *Patrika* says further, "and we have yet to know that any American statesman has ever advocated separate electorates, communal awards or partition of the country as solutions of the communal problem India expects her many friends in America to study the problem at first hand before rushing to print and hopes they will not be in a hurry to forget how they themselves solved the problem of American unity when the Southern States demanded the right to secede"

Regarding the present tug of war between India and British Empire, the *Hindusthan Standard* (Calcutta, April 4) observes: "The reaction of the American press to the British Government's proposal regarding India shows that America has yet to understand the Indian point of view Nothing short of complete transfer of all authority over all matters relating to India will satisfy the Congress Britain has not made up her mind to give anything to India in the immediate present"

All the same, Reuter's report from Washington (April 3) leaves no doubt that India is already a power in the higher politics and diplomacies of the U.S.A.³⁴ "Several important papers," it says, "including the *Washington Post*, the *Christian Science Monitor* (Boston) and the *New York Post* suggest that America might act as mediator or guarantor of British promises" Cer-

certain American papers "argue that Britain's past record makes India cautious." For instance, two Kansas papers, *Topeka Capital* and *Wichita Beacon* say that "India cannot be blamed for objections since Britain has failed to keep so many past promises to India." According to the *Christian Science Monitor*, "to ask Indians to trust Britain may be more than they are prepared to do."

The importance of India as a power among the powers is appraised by the *New York Post* so highly that it says: "England's promise of Indian freedom has been spoken of as a 'post-dated cheque' (e.g. by Gandhi). All right, call it that. All the 26 United Nations including America will endorse it." Without doubt, the Japanese challenge to Anglo-American world-domination has raised India automatically to an extraordinary status in international politics. This is the *Realpolitik* of *vishwa-shakti* (world-forces).

Incidentally, it is worth while to notice definitely pro-"Indian freedom" views in certain sections of the American press. For instance, as Reuter reports (New York, 8 April), the *Chicago Times* (April 7) says, "India will not fight for any kind of Empire personified by Mr. Amery", and gloomily sees "a major disaster ahead for the United Nations."

The *Omaha World Herald* contrasts the loyalty of the Filipinos with the failure of the British rule over Indians and Burmese. The *Fortworth Star Telegram* says: "The Indian situation is in the worst possible muddle" and suggests that Britain should rapidly make further concessions. The *Daily Worker* (April 7) urges that "Britain should make all concessions demanded by Indians."

According to Walter Lippmann in the *Cincinnati Enquirer*

(April 5), "a new epoch began from the fall of France. It has brought about the dis-establishment of Western Empires in Asia. In this new order no Empire but the anti-Imperialism of the democratic peoples will be decisive in their relationship with the East. The Western democracies will deal with Asia as allies and not as protectors."

A *Hearst Column* writes on the 7th April "The crux of the situation in India does not lie so much in the character or degree of Indian independence—or rather of English Dominion—offered by the British Government. It lies in the unwillingness of Asia any longer to recognise any form of foreign dominion. Asia for Asiatics is the principle around which the peoples of Asia are for the most part rallying. The first obligation of England, the first step in framing a practical plan for the defence of India is to overcome that sentiment and completely convince the leaders and people of India that co-operation with the United Nations means not only freedom from the Japanese aggression but from English domination. There is only one requirement necessary in the situation and it is sincerity."

✓ 1942, April 6-8. British View of the Japanese Offer of Independence to India. On the eve of Japanese bombings on Indian port towns like Vizagapatam, Cocanada and Madras on the East Coast of India Premier Tojo of Japan is reported to have promised the "expulsion of the last British soldier from India" and the establishment of "India for Indians" corresponding to his larger scheme of "Asia for Asians." A British interpretation of this Japanese offer of independence to India is reported by Reuters (London, April 7) as follows

"The Japanese Prime Minister's threat to India of calamities unless the British are expelled forms the subject of a *Daily*

Telegraph's leader. This paper remarks that Indians will hardly fail to reflect that the absence of British or any other foreign control of China did not save that country from Japanese invasion or that on the Japanese record the motive in urging them to get rid of the British can only be that a conquest of India might be made easier and more certain. Grinding tyranny is the single fate reserved for those unfortunate enough to succumb to the Japanese domination. Ever since the annexation of their country by Japan in 1910 the Korean people have been victims of ruthless persecution aimed at obliterating every vestige or memory of their national consciousness.

No Dominion Status with the right of secession is in prospect for the Koreans Manchurians or any other people that has fallen beneath the Japanese yoke just as there is none for the Czech Polish and other subjects of Hitler. Perpetual serfdom is the destiny of all who enter the orbit of the Axis New Order and Japan has never concealed that whole of eastern and southern Asia belongs to her share of the orbit.

This is a British interpretation of the Japanese offer of Independence to India as against the British offer of Dominion Status. It may be read in connection with the South African Premier Smuts's interpretation of the Dominion Status as offered to India by the British War Cabinet through Cripps. Reuter reports from Capetown (April 7) as follows:

The Prime Minister Field Marshal Smuts stated in reply to a Nationalist opposition question in the Assembly that the effect of the British proposals to India on the position of Indians in the Union had still to be considered and any statement at this juncture would be premature.

Field Marshal Smuts was replying to the question whether the

British offer to India had been with his approval and whether the granting of Dominion Status to India would confer on Indians in the Union the rights and privileges of the nationals of other British Dominions and whether Indians in the Union would have the right to claim full Union nationality and political equality. In giving the reply quoted above Field Marshal Smuts said he was aware of the general nature of the proposals of the U.K. Government.

Field Marshal Smuts was then asked whether he would inform the British Government that acceptance of its proposals to India would not impose any obligations on the Union with reference to the existing legislation. Field Marshal Smuts did not reply.

Evidently India's equality with Canada, South Africa, Australia and New Zealand is not an unquestioned item in the Dominion Status as promised to India at the present moment. It should appear that the promise has been made on account of duress due to the Japanese invasion of Indian lands and waters. India finds herself in the midst of extraneous diplomatic higgings. This position illustrates the impact of *vishwa shakti* (world forces) and international conjuncture on a people's fortunes. A situation clear as the present one did not arise on the occasion of World War I (1914-18).

✓ 1941 April 11. A National Government for India

In his letter to Stafford Cripps at New Delhi rejecting the British War Cabinet's draft proposals for India, Abul Kalam Azad, as President of the Indian National Congress, describes the proposed National Government in order that it may be genuine and worth while as follows. The peril that faces India affects us more than it can possibly affect any foreigner and we are anxious and eager to do our utmost to face it and overcome it. But we

cannot undertake responsibilities when we are not given freedom and power to shoulder them effectively and when the old environment continues which hampers national effort.

"While we cannot accept the proposals you have made, we want to inform you that we are yet prepared to assume responsibility, provided a truly National Government is formed. We are prepared to put aside for the present all questions about the future, though as we have indicated, we hold definite views about it. But in the present, the National Government must be a Cabinet Government with full power and must not merely be a continuation of the Viceroy's Executive Council. In regard to defence, we have already stated what in our opinion the position should be at present. (*Supra*, pp. 433-436).

"We feel such arrangement is the very minimum that is essential for the functioning of a National Government and for making a popular appeal which is urgently needed.

"We would point out to you that the suggestions we have put forward are not ours but may be considered to be the unanimous demand of the Indian people.

"It would be a tragedy that even when there is this unanimity of opinion in India the British Government should prevent a free National Government from functioning and from serving the cause of India as well as the larger causes for which millions are suffering and dying today."

Another letter of Azad's of the same date to Cripps has in part the following. "I have just received your letter of April 10," says the reply, "and I must confess that my colleagues and I were considerably surprised to read it. I am sending you this reply immediately and can only deal briefly here with some of the points you have raised.

"It is the last part of your letter that has especially surprised and pained us. It seems that there has been a progressive deterioration in the British Government's attitude as our negotiations proceeded. What we were told in our very first talk with you is now denied or explained away. You told me then that there would be a National Government which would function as a Cabinet and that the position of the Viceroy would be analogous to that of the King in England *vis-à-vis* his Cabinet. In regard to the India Office, you told me that you were surprised that no one had so far mentioned this important matter, and that the practical course was to have this attached or incorporated with the Dominions' office. (*Cf* Nehru, *Supra*, p. 433)

"The whole of this picture which you sketched before us has now been completely shattered during our last interview.

"We are convinced that if the British Government did not pursue a policy of encouraging disruption all of us, to whatever party or group we belonged, would be able to come together and find a common line of action. But, unhappily, even in this grave hour of peril, the British Government is unable to give up its wrecking policy. We are driven to the conclusion that it attaches more importance to holding on to its rule in India, as long as it can, and promoting discord and disruption here with that end in view, than to an effective defence of India against the aggression and invasion that overhang us. To us, and to all Indians, the dominant consideration is the defence and safety of India, and it is by that test that we judge."

Be it noted that on this memorable occasion the spokesman of the Indian National Congress is not a Hindu but a Muslim (as Azad is)

These letters³² clarify the position of the Indian people *vis-à-vis* the British Empire during the week of Japan's attacks on Colombo and Trincomalee in Ceylon as well on Vizagapatam, Cocanada and Cuttack on the west coast of the Bay of Bengal, in addition to the occupation of Toungoo and the destructions of Akyab and Mandalay in Upper Burma.

1942, April 13 Nehru *vs* Subhas Bose *vis-à-vis* the Japanese Invasion of British India.

At the Press Conference at New Delhi on April 12, Pandit J. L. Nehru was asked "If an army comes under the leadership of Subhas Bose, what should be our reaction to it?"

The Associated Press reports the reply as follows "Before answering the question, the Pandit referred to the differences between Mr. Bose and the Congress and said 'I do not frankly doubt the *bona fides* of Mr. Bose. I think he has come to the conclusion which I think is wrong, but nevertheless a conclusion which he thinks is for the good of India. We parted company with him many years ago. We have drifted further apart and today we are very far apart. It is not good enough for me, because of my past friendship, because I do not challenge his motives, it is not good enough for me not to realise that the way he has chosen is utterly wrong, a way which I not only cannot accept but must oppose, if it takes shape. Because any force that may come from outside really comes as a dummy force under Japanese control. In effect it helps the invader. It may help under the mistaken notion that the invader will play fair. It is a bad thing psychologically for the Indian masses to think in terms of being liberated by an outside agency.'"

35 Published in the *Amrita Bazar Patrika*, *Hindusthan Standard*, *Statesman* etc., of Calcutta, 12 April 1942.

"Replying to a further question about Mr. Bose's possible intentions Pandit Nehru said he did not know them but added 'One thing seems to be obvious. How Mr. Bose will function I cannot say. But presuming the authenticity of the broadcasts, he has taken up a certain position of friendship and alliance with the Axis Powers and from that certain consequences naturally follow. I think it is justifiable on the basis of those broadcasts, which presumably are his, to come to the conclusion that he has allied himself with the Axis Powers on what conditions and terms I cannot say.'"

The dichotomy Nehru-Bose is worth noting in objective political science, *i.e.*, without taking sides. The analysis of the *pros* and *contras* of foreign alliances has always been made in the modern developments of freedom, nationality and sovereignty in Eur-America. It is interesting to observe scientifically that until today such an analysis has not been publicly made by Indians during generations (*Supra*, pp. 294-298, 315, 336, 423).

Nehru's general position in regard to the achievement of freedom for India is as follows. "So far as I know India, and I know it tolerably well, says he, "the major sentiment in India naturally is one of hostility to the British in India. You cannot root out 150 years of past history and all that has happened in those years. It has sunk deep down into the Indian soul. Suppose we had come to an agreement and had to convert, to change, that sentiment suddenly, we could have done it if we could have given a sensation of freedom to the people of India. The fundamental factor today is distrust or dislike of the British Government. It is not pro-Japanese sentiment. It is anti-British sentiment. That may occasionally lead individuals to pro-Japanese expression of views. This is short-sighted. It is a

slave's sentiment, a slave's way of thinking, to imagine that to get rid of one person who is dominating us we can expect another person to help us and not dominate us later. Freedom ought not to think that way. It distresses me that any Indian should talk of the Japanese liberating India. The whole past history of Japan has been one of dominating others. Japan comes here either for imperialist reasons straightout or to fight with the British government. Anyhow, whatever the reason, if it comes here it does not come here to liberate." (*Hindusthan Standard*, Calcutta).

1942, April 26. World-History through Hitler's Eyes. Addressing the German Reichstag at Berlin and demanding the right to do everything which serves victory or contributes to it Hitler says in part as follows:

Europe grew decadent partly through the natural ageing of rich leading continental Powers and partly through the following out by those elements which gave this centre of the West its national and constitutional foundations,—thus European foundations were gradually undermined. Britain by a policy of succession of continental wars could maintain the so-called European balance of power only as long as these wars were fought between rival States. The idea that the European nation could be eternally disintegrated was doomed to failure. Thus England was forced from the position of a comfort-seeking exploiter to that of a defender or perpetual maintainer. Exploitation came to an end and compulsion to fight took its place with a will to do so and the knowledge of how to do it. Britain required not only a helpless and disunited Europe but her position was tenable only so long as there was no threatening power of equal strength on the borders of her Empire. The moment when the Russian

Colossus fought its way to East Asia when America became entirely an independent entity when the Japanese like the German and Italian rose from sleep conditions of existence for the British Empire became fundamentally changed and could only be maintained with Europe and no longer against it

Therefore in 1914 England in coalition of stronger Powers declared war upon Germany and left her with bonds which it was only a question of time before Germany burst England's appeal to America for help had given that continent an economic and political significance which England could never remove At the end of the war which England thought she had won Japan took the place of Germany and America took the place of England By signing bills and making promises which it was not intended to fulfil England emerged economically and financially exhausted—she gained success that could only be the parent of later defeats Now in still another war Britain has her strength dissipated in defending an impossible European order Whosoever England allies herself with she will at the end of this war see her allies stronger than she is herself

1942 April 28 Racial Discrimination in Eviction from Malaya and Burma In its session at Allahabad the All India Congress Committee of the Indian National Congress passes the following resolution³⁶

All India Congress Committee has noted with indignation the arrangements made for and the treatment accorded to evacuees and refugees from Malaya and Burma to India The officials whose business and duty it was to protect the lives and

36 Report of the United Press published in the *Amrita Bazar Patrika* and the *Hindusthan Standard* etc of Calcutta 29 April 1942 There are other resolutions two of which are banned by Government

interests of the people in their respective areas, utterly failed to discharge that responsibility and, running away from their post of duty, sought safety for themselves, leaving the vast majority of the people wholly uncared and unprovided for. Such arrangements for evacuation as were made were meant principally for the European population and at every step racial discrimination was in evidence. Because of this and also because of the utter incompetence, callousness and selfishness of those in authority, vast numbers of Indians in Malaya and Burma have not only lost all they possessed but have also undergone unimaginable sufferings, many dying on the way from lack of the necessities of life, from disease, or from attacks from anti-social elements. Racial discrimination was shown at the base camps in Burma where special arrangements were made for Europeans and Anglo-Burmans while Indians were left almost uncared for, in the according of special facilities for transport and travel to the Europeans and Eurasians, and in the general treatment given to Indians and non-Indians along the routes and at the various camps. In particular, this was in evidence in the scandal of a safer and more convenient route being practically reserved for non-Indians, while Indians were forced to travel by a longer, more difficult and more dangerous route."

1942, May 10. Gandhi Prescribes British Withdrawal from Non-European Possessions. An article by Gandhi in his *Harijan* (Waidha) recommends to the British Empire what may be described as his conception of the Asian and African Monroe Doctrine. He says in part as follows

I am convinced, therefore, that the time has come during the war, not after it, for the British and the Indians to be reconciled to complete separation from each other. That way and

that way alone lies the safety of both and, shall I say, the world I see with the naked eye that the estrangement is growing. Every act of the British Government is being interpreted, and I think rightly, as being in its own interest and for its safety. There is no such thing as joint common interests. I feel that they cannot all of a sudden change their traditional nature. Racial superiority is treated not as a vice but a virtue. This is true not only in India, it is equally true in Africa, it is true in Burma and Ceylon. These countries could not be held other wise than by assertion of race superiority.

This is a drastic disease requiring a drastic remedy. I have pointed the remedy—complete and immediate orderly withdrawal of the British from India at least, in reality and properly from all non European possessions. It will be the bravest and the cleanest act of the British people. And the clean end of imperialism is likely to be end of Fascism and Nazism. The suggested action will certainly blunt the edge of Fascism and Nazism which are an offshoot of imperialism.

The same recipe of "orderly and timely withdrawal from India" has been administered to the British Empire in Gandhi's article on "Foreign Soldiers in India" in the *Harian* of April 26, 1942.

1942, May 10. The Meaning of the Russo-German War

The first phase of the Russo German war lasted for some five months and a week from June 22 to November 30, 1941. During this period the Germans conquered the whole of Western Russia from north to south comprising almost all Crimea (excluding Keich) and came up to within a few miles of Moscow on three sides. In the first week of December severe winter conditions compelled Germany to cry halt and remain on the defensive.

giving Russia chances to take the initiative in an offensive war. This phase has lasted for the same period of about five months and a week. During this period the German front has continued to run from Lake Ladoga on the border of Finland to Taganrog on the Sea of Azov. The Russians have succeeded in advancing some distances north and west in the Moscow sector. But Leningrad has remained besieged and cut off from the rest of Russia, the Germans are in occupation of important centres like Smolensk, Białystok, Kharkov, etc., and in Crimea the siege of Sevastopol continues and in other sectors also Germany's position is unchanged (*Infra*, p. 490).

The world is awaiting the next phase of the war on Russian soil. Unless strategic considerations demand German operations on a large scale in Western Asia, Northern Africa or elsewhere Germany may be expected to continue the drive against central and southern Russia and complete the plan left unfinished early in December 1941. In the meantime it is worth while to make a few observations on the meaning of this gigantic tug of war between the Germans and the Russians,³⁷ which, so far as military operations are concerned, has already eclipsed, although undoubtedly as a mere episode, the main conflict of world-wide importance between Germany and the British Empire.

One thing is clear. The doggedness and tenacity with which Russia has tried to resist German invasion prove beyond doubt that she was thoroughly prepared, nay, mobilized in June 1941, for a super-battle with her western neighbour. Russia's war-preparedness *vis-à-vis* Germany is not without a special significance.

³⁷ B. K. Sarkar, *Villages and Towns as Social Patterns* (Calcutta 1941), section on "Communist Planning under Tsar in the Russo-German War," pp. 598-608.

nificance. The subordinate place of the Russo-German war in the entire Anglo-German world-war is not the only aspect of this new chapter in the present armageddon. The Russo-German war of today has an independent value apart from the general, hemispheres comprehending war-*Gestalt*.

In the first place, Russia is getting a chance to examine her industrialization, technocracy and military-naval-aerial might by pitting it against the German which is reputed to be a world champion. This tug of war is demonstrating how far it is possible for a more or less primitive, medieval-economied, agrarian and illiterate population, as that of Russia to accomplish in the fields of modernization in culture and technique as a result of Herculean patriotic efforts in the course of barely half a generation. It is a war for the world-recognition of Russia as an industrial military power (*Supra*, pp. 391-392, *Infra*, 490).

In the second place, Germany is examining for her own satisfaction as to how five eighty million Germans, with all their modernism in science, industry, organization and war-power, can stand an eventual aggression from the two hundred million Russians, once these latter get equipped on all fronts in the up-to-date fashion. The very important question as to whether Russia is to be a mere colony of Germany or Germany is to become Russianized is being answered in this war of the Titans. Here we have to envisage the age-long, traditional European problem of Teutons *vs* Slavs similar to the historic French *vs* German and British *vs* French polarities. For Young Germany as well as for Young Russia the present Russo-German war is an experimental measure, a laboratory practice, so to say, fraught with immense instruction for the problems of the next generation. It is teaching both the parties as to how each ought to

equip itself for the greater war that is coming off in a quarter of a century. The present conflict is almost a biological necessity for both Germans and Russians as furnishing each with a training ground for the ensuing struggle over hegemony in Central and Eastern Europe. It is a war of Russian patriotism, nationalism and imperialism against German patriotism, nationalism and imperialism. It is at bottom a race war.

In the third place, it should perhaps be pointed out that the "ideological" struggle between Bolshevik Russia and Nazi Germany is an aspect that cannot be ignored. Russia may be said to be finding herself in a life and death struggle for communism, bolshevism or sovietism, whereas Germany is the representative of entire non-Russian world-culture, bourgeois and capitalistic as it is. The war between the communistic socialism of Soviet Russia and the non-communistic or capitalistic socialism of Nazi Germany is self-evident. At any rate, this polarity has been made much of in the speeches of Stalin and Hitler. In this particular item the sympathies of the anti-German party in the World-War II, mainly bourgeois as it is, are more with Germany than with Russia. This is a curious phenomenon, but it explains to a certain extent perhaps the persistence of suspicions of the Anglo-American bloc *vis-à-vis* Soviet Russia. These suspicions have been slowly disappearing on account of pragmatic or "realpolitical" if not ideological or spiritual considerations. It has been discovered that the Russian military power is a tremendous reality and must have to be exploited by hook or by crook against the German war-machine. The ideological, i.e., communistic *vs* bourgeois consideration may not then be as profound as the technocratic, military, nationalistic and biological considerations but deserves analysis as a factor in the present *milieu* (*Supra*, pp 375-376).

In case Germany fails, during the next phase of the war, to capture or encircle Moscow and reach the Volga, say, at Kazan or Gorki, in the heart of Central Russia, or in the South to reach the Caspian Sea at Baku or Astrakhan thereby cutting Russia off from Iran and the Persian Gulf, it may not imply any serious defeat for Germany, but will only induce her to try other lines of advance. The allies of Russia will have gained some time and Russia will continue to maintain her communistic sovietism in the unoccupied districts. But in the opposite case, i.e., if Germany succeeds in inflicting a major defeat on the Russian armies and overrunning a large part of the still unoccupied regions of Central, Eastern and Southern Russia, the Russian military power will be liquidated as a factor in the world war and the sovietic system may be taken to be rung out of existence in Europe. Genuine exponents or advocates of bolshevism, communism or sovietism are likely to look upon that fact as a tragedy or catastrophe of first-rate importance. For, it is questionable if the Anglo-American bloc, when it succeeds in defeating Germany and recovering Europe with Russia from German occupation by, say, 1944-45, will care at the Peace Conference to restore the communistic system anywhere in Russia or Eastern Europe.

In the annihilation of bolshevism as economico-political or socio-economic system Germany will thus have served a great aim of the anti-German party. German co-operation with Anglo-America will then turn out to be profound and epoch-making. The mutual enemies of World-War II will, therefore, have to be appraised as real allies and collaborators in a deep game of world-development. Many of the friends of Soviet Russia who are inspiring her to heroic efforts against fascism or nazism may

eventually be proven to be her real enemies. It is the fighting qualities of her sturdy *Kshatriyas* and the heroic determination of her people to court martyrdom that are the chief or the only considerations of her present day associates.

Among the recent British appreciations of Soviet Russia especially since June 22 1941 is to be found a strain that is hardly complimentary to sovietism in its fundamental economic political urges. At the Bureau of Advertising New York (April 23 1942) Lord Beaverbrook lectures in part as follows. Communism under Stalin has produced a most valiant fighting army in Europe. * * * Stalin is the master of tactics and in the end will defeat the enemy. * * * Russia may settle the war for us in 1942. By holding the Germans in check possibly even defeating them the Russians may be the means of bringing down the whole Axis structure. * * * But if the Russians are defeated and driven out in the war never will such a chance come to us again. (*Supra* pp 401 403)

What happens to communism or the sovietic system in Russia does not interest Beaverbrook at all. His only concern is that in case Russian armies be annihilated the Anglo American empires may be beaten by Germany.

Beaverbrook's interpretation of Russia's role in World War II is the interpretation of a very large part of the bourgeoisie in the Anglo-American bloc. It leaves no doubt about the indifference of the anti German party to Russia's sovietic achievements or communistic ideals. The meaning of the Russo-German war from the ideological standpoint is not then vague or indistinct. But the ideological aspect does not appear to be as solid and determinant as the economic technocratic and biologicistic discussed in the first two items. The Russo German war is

ultimately, not so much a struggle between communism and anti-communism as between one fighting power, Kshatriyaism or militarism and another fighting power, Kshatriyaism or militarism, between one nationalism or imperialism and another nationalism or imperialism. (*Infia*, p. 493)

p. 1942, May 15 "Asia for Asians" as a Category of International and Inter-racial Relations

It is at 1905 that the present work entitled *The Political Philosophies Since 1905* commences the world-ideologies in politics. In its two volumes in four parts the work considers 1905 to be the Year I of modern history—1905 is the year of Japan's victory over Russia, as well as the year of *swadeshi* movement in India, the glorious Bengali revolution. This year registers, in short, the birth of Young Asia.

The most objective fact of the last generation in international and inter-racial history is the influence of 1905 and its ideas on mankind in East and West. It is the ideas of 1905³⁸ that, among other things, have been consummating themselves dose by dose in every walk of life and inch by inch in every region of the world. One of the most important constituents,—the greatest single constituent,—in the ideology of 1905 is equality between East and West, the subversion of the doctrine of Western or Euro-American superiority, the abolition of the

38 For the "ideas of 1905" see B. K. Sarkar "The Futurism of Young Asia" (*International Journal of Ethics*, Chicago, July 1918) available in *The Sociology of Races, Cultures and Human Progress* (Berlin, 1922, Calcutta, 1939), as well as *Varttaman Jagat* (Modern World a Bengali work in thirteen volumes, 1914-35), especially the volumes entitled *Navin Asar Janmadata* (The Parent of New Asia, Japan) and *Varttaman Yuge Chin Samrajya* (The Chinese Empire Today)

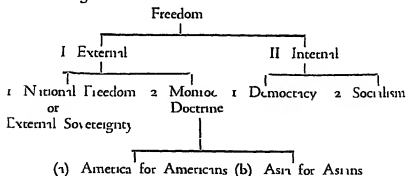
"white man's burthen," white chauvinism or albinocracy. So far as Asia is concerned, this has been furnishing the spiritual *élan de la vie* of millions since then. It has virtually grown to be their sole religion. Eur-Americans in general are not perhaps conscious of the ideas of 1905 as revolutionary forces in the remaking of personality. But a growing section of Western intellectuals, liberal statesmen, democrats, internationalists, socialists and communists has been forced to recognize 1905 as a landmark in world-consummations with special reference to the relations between Asia and Eur-America. The Asian Monroe Doctrine, "Asia for Asians," equality between East and West, racial uniformities, colonial self-determination, etc. are ideas which have influenced Eur-American studies in anthropology, sociology, economics, politics, religion, aesthetics and other social sciences in a certain measure." The ideas of 1905 have been slowly but steadily rising to the prestige of the "ideas of 1789" in international philosophy and world-culture. (*Infra*, p 484).

The methodology of this work is purely analytical. It has been seeking to analyze as objectively as possible in a chrono-

39 Among Eur-American exponents of post-1905 liberalism in different lines of social thinking may be enumerated Barker, Barnes, Becker, Boas, Brailsford, Burns, Coker, De'Stefani, Dewey, Eastman, Gettell, Gini, Goetz, Goldenweiser, Hankins, Haushofer, Hobhouse, Hocking, Homan, Kohn, Laski, Le Clair, Lenin, Lippmann, Lowie, Masson-Oursel, Maunier, Merriam, J. J. Meyer, Moon, Nearing, Parmelee, Piper, Sorokin, Spengler, Toynbee, Tucci, Viton, von Glazennapp, and Wallas. See the Indexes to *Pol. Phil.*, Vol. I. (1928), and Vol. II, Parts I, II, and III. Not all of them take interest in Asia or relations between East and West. Nor are my views to be always taken as identical with theirs. "Liberalism", again, is to be understood in an elastic and relative sense, as a phenomenon of doses and degrees.

logical manner the diverse ideologies in political speculation is prominent in the two hemispheres. The objective analysis of ideologies has throughout been conducted in the perspective of movements in *Realpolitik*. The history of speculation has been exhibited in the *milieu* of the history of activities and events. The analysis of the ideas of 1905 or of the Asian Monroe Doctrine (Asia for Asians) is also being carried on objectively as well as chronologically and in the background of factual relations between Asia and Eur America.

Like freedom, democracy and socialism, the category Asia for Asians is an embodiment of the Asian Monroe Doctrine, is an elastic expression. All these categories of interhuman relations are ethical or moral entities. Each one indeed is an aspect of freedom, which by its very nature is nothing but moral. These moral categories may be indicated in their mutual relations in the following table.



The interrelations between nationalism, democracy and socialism as aspects of freedom are the fundamentals with which Vol II Part I (pages 183) of the present work has started. The categories neo democracy and neo socialism as well as demo despotocracy are linked up with them in an organic manner.

In my analysis socialism is intensification of democracy and both are forms of internal freedom, i.e., freedom within the boundaries of a regional group or country. The Monroe Doctrine is but an application of the doctrine of external freedom or national sovereignty as applied to a continental region.

All moral phenomena are somewhat indefinite by nature. Their scope can hardly ever be precisely indicated. Very often it is difficult to be sure of their presence at any particular point of time or agree among persons about their existence in an event. Vagueness is integrally associated with every moral *Gestalt*. Moral relations are, however, by no means unreal because of their indefinite or undefinable contour and vagueness of outline. The indefiniteness and uncertainties of configuration are but indices to the comprehensiveness and encyclopædic nature of man as a moral agent.

The vagueness of freedom as a moral phenomenon is obvious. For thousands of years mankind has been fighting for freedom. It has not been possible as yet to realize the goal anywhere or to be sure about its nature, foundations or forms. It is only in this sense that the doctrine, "Asia for Asians", as an expression of Asian freedom in external relations, i.e., *vis-à-vis* Eur-America is vague and indefinite. Like freedom, again, this doctrine conveys a long-period, secular value. It is a long, lengthy struggle that is envisaged in the consummation of Asian Monroe Doctrine. It can be recognized in a certain aspect in one region and in another aspect in a second region just as freedom (or socialism) is visible in a certain form in one people and in a second form in another. There is no clean-cut, standardized form or precisely presentable pattern which may be distinguished as the Asian Monroe Doctrine. As a value developing itself in

time it is marked by graduality and slow growth. Like every other moral phenomenon it is a matter of doses and degrees.⁹ This Asian Monroe Doctrine may often have to be encountered then in doses. Asia for Asians is a relative phenomenon. It is progressive and may often be cumulative.

The most conventional or stereotyped forms can be seen in the following equations:

Asia for Asians

- = 1 Asian Monroe Doctrine
- = Equality between Asia and Eur America
- = 3 Subversion of Eur American superiority
- = 4 Abolition of white man's burthen
- = 5 Annihilation of white prestige
- = 6 Overthrow of ilbinocracy
- = 7 Demolition of Western colonialism and imperialism
- = 8 Revolt against Eur American empires
- = 9 Conquest of Eur American possessions by Asians
- = 10 Asians' right to immigration, settlement and citizenship in white lands

In these equations we encounter diverse aspects of the doctrine in a more or less concrete manner. Evidently not every region or race in Asia is capable of many of the consummations indicated here. Nor does every race or region simultaneously understand all these consummations at any particular moment. Besides there are certain non-political considerations attached to these aspects and they add to the ambiguity of the doctrine.

There are for instance the economic values. So far as economic relations between Asia and Eur America are concerned:

is puerile to suggest that the Asian Monroe Doctrine can imply the annihilation of financial, currency, trade and labour relations between Asia and Eur-America. The epoch of world-economy is too much upon every inch of the two hemispheres to enable anybody to dream of such splendid isolation for Asia, Europe, Africa or America. The American Monroe Doctrine does not and cannot function considerably, as is well known, in the economic sphere. The two Americas have need of European capital. Then there are the spiritual, scientific and cultural values.

No interpretation of Asian Monroe Doctrine can ever imply the exclusion of Eur-American arts, letters, languages, sciences, philosophies and so forth from Asia. No American Doctrine for the New Hemisphere has promulgated the boycott of English literature, German technocracy, Russian art, French philosophy, Italian music and so forth from the two Americas. Once in a while Asians talk of boycotting non-Asian languages in their school system and non-Asian literary tendencies in their creative work. These boycott movements are, in so far as they become realities, directed solely against the suppression or strangulation of indigenous languages or literatures by politically dominant languages or literatures of the West. It is in the interest of political nationalism that such boycotts of Western culture occasionally become categories of public life. But, normally, Asians from one end of the continent to the other are perpetually alive to the need and value of cultivating assimilative acculturation to the creative forces in world-culture.⁴¹

⁴¹ B. K. Sarkar: *The Sociology of Races, Cultures and Human Progress* (1922, 1939), Section on World-Forces. See also *Creative India* (Lahore 1937).

Exclusionism, then, cannot be an item of the configuration, "Asia for Asians," in economic activities or cultural achievements. It is in political relations, however, that exclusionism is the supreme reality. "Hands off Asia" is the one political demand that is the common substratum of all the diverse forms of anti-albino-eratic exclusionism that pervades the moral and spiritual being of every self-conscious Asian. It is with regard to political exclusionism as a moral attitude of Asians *vis-à-vis* Eur-Americans that ambiguity and uncertainty are to be detected as a matter of course. In one instance, the configuration or *Gestalt* may not imply anything more than a demand of the subject race for a more democratic constitution from the master. A second form may be the demand of an independent but weak state for the removal of imperialistic concessions, privileges, capitulations etc. On one occasion the demand may be forced by a rising or revolt which, however, proves perhaps abortive. The next occasion may witness the boycott of the master's industrial goods and business establishments by the subject race. This pattern is virtually a revolution for a dependency. One form of "Asia for Asians" may take shape in the crushing defeat of a Western power, large or small, by an Asian power on land, at sea and in the air. Last but not least, the world may exhibit also the military-naval-aerial conquest of Eur-American dominions by a *digunayi*, i.e., world conquering Asian people.

Such are the diversities of value associated with the Asian Monroe Doctrine. Each value changes its quality and quantity according to the "conjuncture", i.e., development of circumstances. Very often, the value, economic, cultural or political, is perhaps nothing more serious than just a sentimental expression of the anti-white urges of life. For political science, as an analy-

tical discipline, it should not be reasonable then to accept the doctrine in the singular number as a precisely formulated norm of interhuman or rather international and inter-racial relations.

It is obvious enough that not all Asia is subject or semi-subject to Eur-American powers. The political configuration of Asia is not uniform. Asia also has powers, great, medium and small. The Eur-American dependencies or colonies and mandated areas do not constitute the whole of the Asian continent. There are two *Asias de jure*, free and enslaved. The Asian Monroe Doctrine cannot be interpreted by the two *Asias* in one and the same manner. There is the "Power" view of "Asia for Asians" as there is the "Dependency" view. Among the Asian Powers, again, not each one is powerful enough to dare interpret the Monroe Doctrine in the same way as the others. There is the "great power" thesis, there is the "medium power" thesis, and finally, there is the "small power" thesis. Pious wishes, sentiments, ideals, wishful thinkings, etc. are not to be ignored as political or politics-making forces in international as in national patterns. They are perhaps identical and uniform among all Asians, powerful or powerless. But *Realpolitik* counts very substantially during normal times, and this *Realpolitik* of "Asia for Asians" has therefore to be taken in its manifold forms from the most modest to the most radical.

In order to demonstrate the existence of anti-albinocratic tendencies in Asian socio-political thought it is not necessary to show that the category, "Asia for Asians" or Asian Monroe Doctrine, has been employed by publicists or scholars in so many words on all occasions. All the same, the phraseology can be traced back to 1905 in almost every country of Asia. The triumph of Japan over Russia is the starting-point of all Asian

speculations, dreams, ideologies, etc relating to the removal of white domination from Asia

The *Realpolitik* of this Asian evolution has implied a corresponding decline in white prestige among the peoples of Asia. In factual politics, pragmatically considered, the last thirtyseven years have witnessed the dose-by-dose decay of Eur-American power in Asia as well as the inch-by-inch withdrawal of white chauvinism from the Asian fronts. The progress of the Asian Monroe Doctrine, as a *fait accompli* of international and inter-racial *Gestalt*, may be envisaged in some of the prominent movements and activities of Asians *vis-à-vis* Eur-America. A few landmarks are being exhibited in the following table which is but a brief chronological statement of the objective history of our own times

I 1904-1918

- 1904 05 Russo-Japanese war Japan's victories over Russia at Port Arthur and on the Tsushima Sea The Treaty of Portsmouth
- 1905 The First Boycott of British Goods in Bengal (and India) The Bengali Revolution
- 1914-18 World-War I
 - Turkey is the ally of Germany.
 - Japan is the ally of England.
 - Indian nationalists abroad (e.g., U S A and China) and secret societies at home are in alliance with the German Empire ⁴²

42 Lajpat Rai *Young India* (New York, 1917), *Rowlatt Committee's Report on Nationalist Activities in India* (Calcutta 1918), G N Singh *Landmarks in Indian Constitutional and National Development 1600-1919* (Benares 1933)

The fact that Asians are indispensable on both sides of the Armageddon raises them inevitably to the status of factual equality with Eur-Americans, for the time being, at any rate.

- 1917-18. Soviet Russia (under Lenin) withdraws the concessions and consular guards from Persia, Afghanistan and China. This is a voluntary withdrawal of albinocracy from Asia and is the first of its kind in the history of international relations. The oetiology of Young Asia's interest in Leninistic communism and the Comintern is to be found fundamentally in this epoch-making fact. In Young Asia's estimation Lenin becomes the *avatar* of the twentieth century for the emancipation of subject nationalities.

II. 1919-1938.

- 1920-22. Turkey (under Kemal Pasha) crushes Greece, declares the Treaty of Sèvres null and void and signs the Treaty of Lausanne. This fact is as important in world history as the event of 1905 from the Asian angle of vision.

- 1920-25. Soviet Russia's *camaraderie* with the representatives of Young Asia in Europe enables them to experience equality and fellowship with the leaders of political and social movements of international category in the two hemispheres. International communism serves somewhat to militate against albinocracy and Eur-American chauvinism in inter-human relations on Asia and Africa.

1926. Pan-Asian Congress meets at Nagasaki (Japan). Parti-

- cipants China Siam Korea Philippines Japan and India
- 1926 Pan Oriental League meets at Odessa (Russia) Participants Russia Persia Afghanistan and China
- 1927 Syria rebels against France
- 1927 Indian National Congress in session at Madras declares complete national independence as the goal of the Indian people
- 1927 Riza Shah King of Iran abrogates the capitulations imposed by the European powers
- 1932 Japan defies the League of Nations and recognizes Manchoukuo as an independent state
- 1932 China abolishes extra territoriality
- 1932 The sailors of Indonesia (communistic) mutiny against the Dutch administration
- 1937-39 Japan's successes in the China war Collaboration of the Government of China at Nanking (comprising as it does more than four fifths¹ of Chinese population and territory) with victorious Japan automatically compels the Euro-American financial and political interests to undergo in eclipse China is almost wholly freed from Western influence

III 1939—May 1942

- 1939 July The Tokyo Formula The British Empire satisfies Japan's demands as to her special requirements in China by promising non interference in China's affairs (*Supra* pp 366-369)

⁴³ The remainder is under Chiang Kwei-shih with headquarters at Chungking

- 1939, September. The Government of China at Nanking (controlled by Japan) requests England and France to withdraw troops and warships from China. The request is complied with.
- 1940, April. The Nanking Government declares that China and Japan would establish a new order in East Asia.
- 1940, June-July. France,—after collapse in the war with Germany,—concedes to Japan the right to use Indo-China as military base.
- 1940, August. The British Empire concedes to Japan the right to inspect British custom offices in Rangoon *re.* Burma-China trade, closes the Burma Road, and withdraws troops from Peiping, Tientsin and Shanghai.
- 1941, January-February. Thailand (Siam) declares war against France in Indo-China and recovers certain territories.
- 1941, April-May. Iraq under Rashid Ali rises against the British Empire.
- 1941, April-November. The Grand Mufti of Jerusalem and Subhas Bose of Bengal are reported to be in alliance with Germany, Italy and Japan. Both are political exiles in Europe.
- 1941, December 7. Japan attacks the American and British Empires at Hawaii, Manila, Hongkong (British China) and Kota Bharu (Malaya) and occupies Victoria Point (December 15) and Tavoy (December 20) in southern Burma as well as Hongkong (December 23-25).
- 1941, December—1942 May. Some nationalists of the Philippines, Malaya, Indonesia and Burma are reported to be in alliance with Japanese forces.

- 1942, January 1 Japan occupies the Philippines from the American Empire and invades British Borneo (January 4) and the Dutch East Indies (January 11)
- 1942, January 24 Thailand (Siam) declares war upon the American and British Empires
- 1942, February-March Japan occupies Borneo from the Dutch and British Empires (February 5), Malaya Peninsula and Singapore port (February 15) from the British Empire, Indonesia (Celebes, Java and Sumatra) from the Dutch Empire (March 8) and Southern Burma up to Rangoon and Bassein (March 9)
- 1942, March 29—April 12 Indian National Congress rejects the offer of Dominion Status from the British War Cabinet (negotiated by Stafford Cripps) The Japanese navy attacks British ships in the Bay of Bengal off Calcutta and bombs port-towns like Vizag, Cocanada and Madras on the East Coast of India (April 6-8)
- 1942, May 1-10. Japan occupies almost the whole of Central and Upper Burma, seizes the Burma-China Road, and penetrates nearly 150 miles into Yunnan (China)
- In an editorial of the *Amrita Bazar Patrika* (Calcutta, 13 May 1942), based on official statements, it is suggested that Japan has received the support of Burman nationalists in her Burma campaign
- 1942, May 8-15 Japan bombs the easternmost areas in the border districts of Assam and Bengal in India Chittagong (Bengal) encounters bomb attacks and sustains casualties

Objectively speaking, Euro-American prestige is at the *nadu*

of depression in the middle of May 1942. From Manila and Sourabaya to the Andamans and Burma up to nearly the furthest northern limits not a dog can bark without Japanese leave. How long the present situation continues is being watched by mankind with interest. It may be reasonably believed that the Anglo-American co-operation in war output and strategy is well calculated to counteract both German and Japanese advances and render them ephemeral. Complications will arise at the Peace.

The evolution of Asian Monroe Doctrine since 1905 shows that Asian freedom has been expanding but that the expansion is slow and halting. It has been proceeding in a tentative manner, by doses and degrees. This is a purely historical fact. The survey of this expansion does not admit of camouflage and is not capable of being coloured by wishful thinking. Neither race-prejudice nor class-conflict, neither imperialistic megalomania nor nationalistic self-consciousness can minimize or overstate the facts as they have evolved during the last thirty-seven years. The statement is entirely non-political and non-partisan and should be dealt with by historians in a dispassionate spirit. We shall now turn our attention to some other aspects of the doctrine, with special reference to its real contents.

Slogans covering large masses of human beings and extensive territories of continental, hemispheroidal or inter-continental dimensions are calculated to expand one's soul and electrify one's imagination. But they deserve careful analysis and critical appraisal in terms of concrete, factual, pragmatic and "realpolitical" values. The interests of men and women are too immediate, local and personal to be satisfied by world-embracing systems of abstractions. Europe, for instance, may be freed from the British Empire or from the American. But the Poles or the Fins may

not be emancipated from Russia. Asia, likewise, may be freed from the American, British, Dutch, French and Russian masters. But the Arabs may not be freed from the Turks or the Koreans from the Japanese. And so on. Large categories of world-wide magnitudes may fail to confer freedom on the local regions and save them from the aggressions of their neighbours. But it is de-imperialization or de-colonization, i.e., the abolition of foreign control or domination that is the desideratum for every race and region in Asia, Europe, Africa and America. Thus analyzed, the de-albanization of Asia is not tantamount to de-imperialization in Asia, just as the de-Britishization of Europe is not tantamount to de-imperialization in this continent, or the de-Europeanization of America is not tantamount to de-imperialization in the New Hemisphere. (*Infra*, pp. 476-477).

Without indulging in wishful thinking it is possible to state that in Western Asia⁴⁴ the slogan, "Asia for Asians," has not yet led to the re-Turkification of Syria, Palestine, Iraq, Saudi-Arabia and other regions. But, on the other side, in East Asia it has brought about the Japanification of (a) Manchoukuo (1932), (b) China Entire (1937-42) excluding the area under Chiang Kaishek at Chungking, (c) the Philippines (1941-42), (d) Indonesia (1941-42), (e) Malaya (1941-42), (f) Burma (1941-42), etc. In East Asia de-albinization has been consummated, for the time being, and may be taken to be provisional or temporary, as the white powers are expecting to recover their possessions. But this de-albinization, temporary as it may eventually turn out to be, has not yet conveyed de-imperialization to the peoples and regions involv-

44 For the politics of the Near East see W. E. Hocking: *The Spirit of World-Politics* (New York 1932) and H. Kohn: *Revolutions and Dictatorships* (Harvard, 1939).

ed. Unless Indonesia gets the status, say, of a Czechoslovakia, Burma of a Poland, the Philippines of a Hungary and so forth the cult of "Asia for Asians" cannot be invoked to inspire anybody except the conjurer himself. The "Japanese co-prosperity sphere" in East Asia must be liberal enough to comprise such independent sovereign states on terms of legal and mutual equality in order to be recognized as a system of international welfare.¹⁵

This is a purely objective analysis of the Asian Monroe Doctrine from the angle of vision of the subject races. Many colonies or dependencies may not care to consider de-albinization as a good until and unless it is attended with de-imperialization or de-colonization. (*Supra*, pp. 330-332, 424-425).

The face-value of the American Monroe Doctrine or "America for Americans" is the absence of European (and Asian) intervention in American states. Nothing should appear to be a greater embodiment of freedom for the peoples and states of the American continent than this slogan. But the real value of this doctrine, as it has pragmatically turned out to be, is nothing but the domination of the Latin American states from Mexico and Central America to the farthest end of South America by the U.S.A. This domination is very often financial and economic and almost invariably political. To Mexico, Panama, Salvador, Colombia, and such other minor states and even to the big A.B.C. states the Monroe Doctrine has spelt not so much freedom from European and Asian intervention as the expansion of U.S. imperialism. The rest of the two Americas is a *de facto* politico-economic colony or dependency to the U.S.¹⁶ (*Supra*, pp. 85-87, 385).

¹⁵ *Pol. Phil.*, Vol. II, Part III, pp. 324-325.

¹⁶ For American imperialism see P. T. Moon: *Imperialism and*

The category 'world order' is on the lips of British statesmen especially of those who are interested in constructing something ostensibly more effective than the League of Nations. Its face value although not yet precisely defined and universally agreed upon is an alleged international federation or union of a large number of states on terms of equality and fellowship. But so far as its real value is concerned it is at bottom invariably projected to be nothing but the British Empire writ large. It is designed as an association of those states which as a rule have been pro British in recent years and which are likely to remain pro British during the next decades. Automatically it involves an unfriendly orientation to all those states whose political economic and financial measures have been anti British and are expected to be anti British *in esse* as well as *in posse*. Every state that belongs to such a world order is a colony or semi colony a dependency or semi dependency of the expanded or expanding British empire. Anglocracy glorified or magnified is the pattern of imperialism in this condition' (*Supra* pp 381 382 393 394 395 398)

The face value of Germany's new order for Europe is the Monroe Doctrine for Europe.⁴⁷ It conveys an European continent emancipated from the British Isles and Empire as well as

World Politics (New York 1916) H. Bunsen *History of Western Civilization* (New York 1935) Vol. II and T. N. Dye *Foreign Policy in the Far East* (New York 1936). See also *supra* p. 385 in regard to the common features of all Monroe Doctrines (American British French German Russian as well as Japanese).

47 *World Order Papers* (London 1939 1940) E. Butler *The Ideas and Ideals of the British Empire* (Cambridge 1941)

48 A. Reithinger *Das wirtschaftliche Gesicht Europas* (Berlin 1935)

from America (and undoubtedly also from Asia) One can accept it as a cult of freedom for the peoples and states of Europe. But the real value of this "new order for Europe" is to be envisaged in an European continent which is directed financially and economically as well as politically from the industrial-technocratic zones of which Germany is the head. In this new European order the agrarian zones are to function as the suppliers of raw materials and the markets for industrial goods in order to establish the economic balance between the two Europes. It is Pan-Europa, no doubt, but with one half functioning as the colony to the other half led by Germany This is a Germanized Europe corresponding to the US dominated America and the British-dominated world-system We encounter in short Germanocracy as a form of imperialism (*Supra*, pp 372, 406-408, 412)

The face-value of "Asia for Asians" is an Asia from which non-Asians, i.e., Europeans and Americans have been excluded as political rulers Sovereignty and freedom belong to the peoples of Asia organized in states This is a formula of emancipation from the "white man's burthen" or albinocracy. One should have to envisage Indo-China and Syria emancipated from France, the Philippines from the U S A, Indonesia from Holland, Burma and India as well as Iraq and Palestine from England, and so forth The doctrine should imply likewise the liberation of China from American, British, Dutch, French and Russian interventions. But the real value of Asian Monroe Doctrine may turn out to be the re-establishment of Turkish domination over Syria, Palestine, Iraq, and all the Arabias as well as the establishment of Japanese authority over the Philippines, Indo-China, Indonesia, Burma and so forth An Asia which is de-albinized i.e., liberated from albinocracy or Eur-American imperialism may

be nothing but a continent which is ruled as a colony of Turkey or as a system of Japanese dependencies. Turcocracy and Japanocracy may take the place of albinocracy.

The war-cry, "Asia for Asians", is not an unmixed blessing for all groups of Asians. It is an ambiguous category and may under circumstances turn out to be positively mischievous to certain Asian regions or races.

✓ The relations of all the white empires to their Asian colonies or dependencies are not identical. In internal constitution, economic development, as well as cultural progress the policies of French imperialism and Dutch imperialism cannot be treated as being on the same level as those of American and British imperialisms. It is not possible for the U.S. and England to make common cause with France and Holland in regard to orientations towards subject races. In the *Realpolitik* of imperialism or colonialism England has hardly anything in common with Holland, nor has the U.S. any points of affinity with France. The unity of all whites *vis-à-vis* Asia is a myth and cannot be depended upon as a force in white chauvinism. Each white empire has therefore to be tried in the balance on its own merits and demerits.

From the standpoint of the subject nations, the colonies or the dependencies, also, a unity of orientations *vis-à-vis* all the white empires is psycho-socially inconceivable. The Filipino attitudes towards the American people are likely to be profoundly different from the Indian attitudes towards the British. These latter, again, are by all means substantially different from the Indonesian attitudes towards the Dutch and the Indo-Chinese towards the French.

Indians, for instance, are conscious and convinced that from

Clive to Calzon run down to Cripps British imperialism has followed one systematic policy of distrust and racial discrimination towards the people of India. It has besides deliberately prevented Indians from rising to a sufficiently high level in modern science industry technocracy general culture democracy and socialism and planfully kept them at a distance of some 80-85 years from the British people (*Supra* pp 46). With normal facilities available the four hundred millions of India today could have contributed to Asia and the world some half a dozen first class powers of the Japanese type and standard or two of the Soviet Russian. It is because of British intipathy and philistinism that mankind has been deprived of India's adequate contributions to world progress. In spite of all these anti-Indian omis sions and commissions on the part of the British empire Indian statesmen and intelligentsia are prepared to give the Devil his due and declare that India's condition today positively miserable as it is on account of poverty ill health mortality and illiteracy is not perhaps as wretched as that of Indonesia or Indo-China. If the Philippines are somewhat higher developed than India India is likewise somewhat higher developed than Indonesia and Indo-China⁴⁹ (*Supra* pp 333 425 428).

Sentiments and movements against albinocracy white chauvinism and Eur American imperialism domination or colonialism are indeed widely and uniformly distributed throughout the length and breadth of Asia. But a united anti-albinocratic

49 For Indo China and Indonesia see *Pol Phil* Vol II Part I pp 320 321 and for India see *Economic Development* Vol II (Calcutta 1932 1938) chapters on banking rationalization customs etc *Social Insurance Legislation and Statistics* (Calcutta 1936) and *The Sociology of Population* (Calcutta 1936). See *Infra* pp 496 497.

front is therefore hardly a question of practical politics among all Asian peoples except under emergency circumstances of temporary duration. The cry *Asia for Asians* as the embodiment of Asian Monroe Doctrine is consequently liable to modifications on account of regional considerations. It cannot be automatically accepted as a universal force of uniform intensity in all the nooks and corners of Asia. In politics as in other interhuman relations the individual the personal the immediate and the local considerations tinged as they are with emotional values play a substantially determinant role and may often militate against the larger more universal and abstract considerations exercising their sway in group activities.

The monumental category *Asia for Asians* means then finally that the heads and hearts of Asian men and women are likely to move in the last analysis not continentally but regionally. Every Asian region has its own problems due to European or American albinocracy. Each has therefore its own anti-albinocratic anti-European or anti-American front to construct in its own way according to its own requirements.

The further consideration in each instance is as has been often indicated in this work that the most important desideratum for every region is de-imperialization or de-colonization as much from the Asian side as from the Euro-American. Albinocracy is not the only imperialism or colonialism. There is Turcocracy to be fought against by West Asia as much as Japancocracy by East Asia. In West Asia therefore every region has to provide for two anti-imperialist or freedom fronts (1) anti-European and (2) anti-Turk. Similarly in East Asia every region has two freedom fronts to take care of (1) anti-European or anti-American and (2) anti-Japanese. In a realistic analysis

of the Asian Monroe Doctrine we should encounter not only anti-European and anti-American forces but, curiously and paradoxically enough, anti-Asian, e.g., anti-Turk and anti-Japanese tendencies as well. It is up to Turkey and Japan to convince and reassure the rest of Asia by adequate measures and policies that it would not be necessary for any Asian people to construct an anti-Turk or an anti-Japanese front in international strategy. Both Turkish and Japanese statesmen have to be capable of developing constitutional systems such as, offer, first, equality *de facto* as well as *de jure*, and secondly, alliance, to the territories which are conquered by them (*Supra*, pp. 330-332, 424-425).

A more intensive analysis of Turkocracy and Japanocracy as forms of anti-albinocratic imperialism is possible. Like albinocracy each is undoubtedly imperialism. But to those Asians who live outside the Turkocratic sphere the expulsion of white powers by Turkey is de-albinization of the inspiring type. The Asian dependencies of Turkey may not, however, take this de-albinization as a source of inspiration. Turkification can turn out to be nothing but foreign rule. It may not confer *swaraj* and democracy on the peoples "delivered" by Turkey from non-Asians. Similarly the Japanification of Asian lands, seas, and islands is likely to spell imperialism and colonial domination to the races or regions affected, although they are de-albinized, i.e., "liberated" from white empires, unless Japan commences by associating the liberated peoples with herself as equals and allies. "The wearer knows best where the shoe pinches,"—not the outsider. Those Asian races and regions, on the other hand, which do not fall within the "co-prosperity sphere" of Japanocracy will see in it an effective embodiment of de-albinization as a creative force in Asian culture.

and politics. Neither the anti-Turcocratic front nor the anti-Japanocratic front is likely to be more than local or regional. Each may tend to be confined to those races and territories which happen to be ruled by an undemocratic and illiberal regime of Turkish or Japanese colonialism. In all other Asian areas the sentiments of the people at large are likely to be pro-Turk and pro-Japanese. The conditions in which Turkish rule in Arabia or Japanese rule in East Asia is conducive to *swaraj*, freedom and democracy are left out of consideration for the time being.

Every subject race is a group of chattels. It is transferable from master to master. And in this transfer there is no will or choice of the subject race itself. If the old master is incapable of keeping it a new master can take possession of it. The new master may think of conferring on his acquisition a certain dignity, perhaps racial and political equality, as well as freedom. But that belongs to his sweet will, depending not so much on his idealism as expediency and sense of *Realpolitik*.

In case Turkey is powerful enough to oust European states from Arabian territories these territories revert to herself without any special argument on the part of the latter. Turkey will then have accomplished a feat in "Asia for Asians." The expulsion of European empires by Turkey will be tantamount to Asianization, no doubt, but it will be Asianization of the Turcocratic type. Now that Japan has embarked on her career of *diguiyaya* (world-conquests) and already deprived,—temporarily, as it may turn out to be,—European empires of their Asian possessions, these Asian possessions are being transferred automatically as chattels from one master to another. The chattels themselves have no voice in the transfer which involves de-Europeanization and de-Americanization and is equivalent to

Asianization This Asianization however objectively considered is Japinocracy i.e. Asia for Japan

In Asia is elsewhere subject nations are unarmed and disarmed They are moreover industrially under developed and technocratically ill equipped It is impossible for them to do anything substantial on either side when their master is at war with an enemy Their master does not deal with them as any thing better than Coolies as says Wedgwood (*Supra* p. 427) They have no other alternative but watching the tug of war in an entirely indifferent manner as from a circus gallery and watching their fate in a purely philosophical spirit In case the European master proves to be inefficient and unfit to hold them as their chattels they find themselves peacefully and speechlessly transferred to the Asian power who becomes their new master The category Asia for Asians can have hardly any meaning to the miserable Asians under such circumstances

During the course of a war i.e. until the peace treaty is signed the final condition of the territories lost or won cannot be foretold The subject nations may not change masters permanently There is such a thing as the incidents of battles The transfer from the old master to the new is very often temporary or provisional The old master may win back the lost territories and recover his old chattels in the course of the war itself or at the peace table The fortunes of subject nations are therefore bound to remain uncertain for a long or short period depending on the duration of the war It is because of such circumstances of flux that the doctrine Asia for Asians can turn out to be meaningful and creative

No matter what be the length of the period the change of masters initiates new orientations in the mental and moral make

up of subject nations. The transformation of the *status quo* and the initiation of creative disequilibrium engender a mighty spiritual revolution among the enslaved men and women. In case the new master be judicious enough he may care to deal with them in a more democratic, egalitarian, liberal and humane manner than the old master. He may even endow the subject nations with *de jure* national freedom or *swaraj* and external sovereignty. It goes without saying that no conqueror can afford to grant hundred percent independence to conquered territories on the morrow of the conquest. That would be ultra idealistic and Quixotic. Neither in the use of arms and munitions nor in military and naval discipline nor in scientific and technocratic development and industrial organization are the conquered peoples competent enough to manage their own affairs and maintain their independence if granted at once against their old masters. For a preparatory period of a good few years they are bound to remain in a condition of pupillage to their liberators, the new masters. It is impossible to avoid this transitional stage. The leaders of the subject nations (such as may happen to survive) can but try to make the best of the existing circumstances. The one objective that they can possibly have is to influence the new regime in such a manner as to acquire a higher political status than that to which they were used under the old master. The slogan *Asi for Asians* can in these conditions acquire a solid significance.

But as indicated above the new regime may not be any thing but temporary. The old master's coming back is not always out of the question. That situation need not however be entirely unfavourable to subject races. The geopolitical transformations of the transition period are likely to have knocked

off the white master's albinocracy and arrogance to a certain extent. His white prestige mania may tend to cool down as a result of his tasting a bit of the Asian mettle. Self-complacency and superiority complex may not continue to govern his *psyche* in an inordinate degree. On the other hand, the recovered chattels also are already somewhat transformed personalities. They will have received a practical schooling in world-politics. Their mentalities, attitudes and reactions towards rulers may have been remade as a result of their higgings and negotiations with the masters old and new. The sense of Asian superiority is likely to have come to stay as an essential ingredient in their personality and interhuman relations.

While dealing with such subject nations, ideologically transformed as they are, the old master, somewhat chastened and moderated as he is likely to be, may choose to commence work on a new slate, so to say. Old acquaintances will, then, encounter each other with new faces as well as new minds. Altogether, the change in the *status quo* due to war-conditions tends somewhat to be a source of elevation in the political and constitutional scale to those unfortunate men and women, who because of unfamiliarity with arms, ammunition, tools and implements are bound to remain mere chattels to one master or another.

The utility of the Asian Monroe Doctrine during conditions of change in the *status quo* cannot, therefore, be gainsaid. "Asia for Asians" is then not mere "words, words, words" even to subject nations. Both, Taicocracy and Japanocracy can directly as well as indirectly confer substantial freedom on the peoples in West Asia and East Asia under certain conditions. There is no idealism, spirituality, moral improvement or change of heart in all these things. The situation is ruled by the pressure of facts.

The fact that an Asian power is at the gates and can tomorrow repeat the facts of yesterday is the grand *guru* or spiritual master in this shake-up. The rôle of fear in human characterology is normal and immense "It is the fear of the people that is the wisdom of the lord" in the internal affairs of a state. In like manner, in international affairs⁵⁰ it is the fear of the powerful neighbour that compels the despot to mend his ways *vis à vis* his chattel. "Entangling alliances" are meaningful.

In Europe it is the might of great powers like Germany and Russia that has kept the rulers of neighbouring states straight in their dealings with citizens. Constitutional liberties, labour laws, socio economic amenities, welfare activities have all been undertaken by states in keeping, to a certain extent, with the achievements and consummations of the powerful neighbours. In Asia for a long time Eur-American empires used to lord it over the world in the thought that their neighbours were primitive, savage, and powerless. That self complacency has been broken by the events of 1905-42. Eur-American empires have been steadily learning to fear and respect the Asians. The impact of this fear and respectfulness on their treatment of colonies or dependencies is well calculated to be epoch-making.

All the Eur-American empires of Asia are not going to be overthrown in their entirety by Japanocracy as a result of the armageddon that broke out in September 1939. Nor are all the Asian colonies, dependencies or mandated areas belonging to Eur-American albinocracy going to be declared free whether

50 For the impact of international influences and world forces on national movements and the internal affairs of a country see B K Sarkar *The Science of History and the Hope of Mankind* (London 1912 Madras 1930)

within or outside the Japanocratic sphere of co-prosperity. A totalitarian emancipation of Asia from all white empires is not yet a question of practical politics. Many Asians in many regions are going to remain subject to the Western empires. Neither de-imperialization nor de-albinization is in for consummation on a continental scale in Asia. Japan's conquests in Asia bid fair in the main to be as ephemeral and short-lived as Germany's in Europe. (*Infra* pp 489 493 497)

I am not a strategist. My views are not those of a politician attempting to influence the masses or the leaders. These are but the speculations of a mere student of social interhuman and international facts. It is only the theoretical analysis of contemporary *viswīśhakti* (world forces) by a non-political and non-party intellectual that is being furnished to similar free-lance intellectuals in the scientific world. No wishful thinking of any sort can be attached to these investigations by any publicist or scholar.

We are not witnessing the last world war of history in East or West.⁵¹ Neither Germanocracy nor Japanocracy is yet powerful enough to tower above all the cracies in solitary greatness. Neither Anglocracy nor Americocracy, neither Russocracy nor even Frenchocracy is in process of final liquidation. The Asian Monroe Doctrine or the cult of Asia for Asians has therefore in extensive period of future developments to unfold. The struggle of Asia against albinocracy is going to remain a paramount force in world politics for quite a long time. It is indeed destined to proceed parallel to and *pari passu* with the struggle of the poor and the pariah of the two hemispheres.

⁵¹ *Pol Phil* Vol II Part III pp 323 3-8

against the domination of economic and birth aristocracies. Preparedness on all fronts,—anti-albinocratic, anti-imperialistic as well as anti-capitalistic,—is the prime concern of mankind today and tomorrow with a view to the next war.⁵²

Since 1905 the liberation of Asia from non-Asian domination has been virtually the only or the most significant politics of the Asian peoples. In and through even the local or regional interests, in and through even the most narrow concerns of groups or parties there has run the fundamental ideology of Asia's reactions to Eur-American powers. It is the emancipation of Asia from albinocracy which has directly or indirectly furnished the inspiration, programme and policy of every Asian political creativity during the last thirty seven years. However widely the regions may differ from one another in topography, race, economy, religion, and culture, the politics of Egypt, the politics of Yemen, the politics of Palestine, the politics of Iraq, the politics of Afghanistan, the politics of the Punjab, the politics of Bombay, the politics of Bengal, the politics of Burma, the politics of Thailand, the politics of Indo China, the politics of the Philippines, the politics of Indonesia (Java, Sumatra, etc.), and last but not least, the politics of Turkey, Iran, China and Japan have had to orientate themselves to the one common and fundamental urge of freedom from white domination. The evolution of Asian politics during the last generation,—under traditional nationalist and socialist or even communist auspices,—has comprised but the diverse forms and stages in the expansion of Asian freedom (*Supra*, pp' 456-457).

52 B. K. Saikar, *Villages and Towns as Social Patterns* (Calcutta 1941) Sections on 'Pacifism and War', pp. 510-514, and "The Functioning of Creative Disequilibrium", pp. 529-537.

Contemporary political philosophy in the two hemispheres is, then, in the first place, the philosophy of the expansion of democracy and socialism, with their latest forms, neo-democracy and neo-socialism. It is, in one word, the cult of de-imperialization, political and finance-capitalistic. In the second place, it is the philosophy of the growth and development of de-albinization. The expansion of Asian liberties in diverse forms from the thralldom of white empires is one of the greatest creative forces in the political philosophy of recent times.

Eur-American philosophers have not perhaps devoted adequate attention to this aspect of contemporary mental and moral science. But the Asian Monroe Doctrine has started making its *disguizaya* (world-conquest) among certain sections of the Western intelligentsia in no uncertain manner. (*Supra*, p. 457).

1942, May 18. World-War II as a Phase of the Hundred Years' War between Germany and the British Empire.

With the German occupation of the Kerch Peninsula (Crimea) the second phase of World-War II is reported to be commencing. A layman that I am, it appears to me that Germany has required rather too long a rest for recuperation from her winter hardships. For over five months and a half from the first week of December 1941 her tactics have been those of a defensive war on the Russian soil. It has not been possible for her to start the offensive until spring is almost over and *sommer ist ykommen*. The world may suspect that perhaps Germany's measure has been found. Her power is most probably just enough to keep entire European continent under her knees up to the limits attained by her until today. Her "thus far and no farther" may have been reached. The up-to-date expansion of Germany is, no doubt, an unthinkable tremendous achievement for any people

consummated during two years and three quarters (September 1939—May 1942) Napoleon has been out-Napoleoned

Germany's enemies, however, have not been sleeping during this entire period. They have been withdrawing and retreating, retreating and withdrawing, as the whole world sees quite clearly. But they are resourceful peoples and peoples of the same race, culture and standard of life as Germans themselves. Even supposing they were unprepared at, say, 0 in September 1939 it is possible to conceive that they have been equipping themselves in every possible arm during the period of their withdrawals and German conquests. In case today Germany should find herself at the zenith of her expansion it is not unlikely that her enemies who had been up till now inferior to her in war equipment of all categories have already attained parity or near-parity with her. In May 1942, then, Germany faces enemies who are perhaps almost as prepared as herself. From now on the armageddon bids fair to proceed not between a superior and an inferior but virtually between two equals. It may not be inconceivable therefore, that in future the progress of equipment on the two sides will be at par.

One cannot altogether rule out the consideration that German preparations are even outdistanced by the Anglo-American by 1943-44. In the event of another three years' struggle developing itself before us Germany's chances may not therefore have to be calculated on the experience of the period until today. The rather unusually lengthy inactivity of Germany on all fronts in the middle of May 1942 bespeaks perhaps the attainment of the saturation-point in her expansion or, may be, excessive exhaustion and already the beginning of her decline in the present enterprise.

SECOND ROUND OF THE ANGLO GERMAN WAR 487

In German strategy the fundamental defect arises from her faith in and dependence on *Blitz* (lightning, quick, mobile) operations. She is perhaps relatively ill equipped for *Sitz*. (sitting, static, stationary) warfare. In order to be successful the *Blitz* must stun the enemy all of a sudden and shatter him to pieces so that he is compelled to go out of the war picture. But if the enemy persists in its war moods and activities in spite of losses the *Blitz* is to be taken as a failure. After that we see nothing but the orthodox and humdrum warfare of the same, traditional type. In such *Sitz* warfare the party that has "staying power" is likely to win. This implies a long period of entente.

Those who point to and wonder at the *Blitz* victories of Germany during the present war neglect as a rule to note the failure of her *Blitz* in a large number of theatres. Poland, Holland, Belgium, Denmark, Norway, France, Jugoslavia and Greece are all instances of success by *Blitz*. But *Blitz* has failed in England. Germany's air-bombs could not rub London out of existence. The invasion of the British Isles has not materialized. Germany failed to block the Atlantic and cut the British people off from the U.S. She has destroyed many of the industrial and military objectives in London and in numerous counties, ports and harbours of the British Isles. She has likewise sunk a very large percentage of British merchant marine on the high seas, compelling her enemies, among other things, to drastically ration their daily food. But these destructions have failed to compel the British people to abandon the "will to wait," to use an expression from von Clausewitz, the German philosopher of war. Here, then, we encounter the first great failure of German *Blitz*. In the second place, German *Blitz* has failed to master Libya and seize the Suez or occupy Egypt. The North African

campaign has been but an instance of marking time and checking, enemy's advance. Thirdly, Germany raised hopes in Iraq and Iran but has failed to fulfil them. Nay, her defeat in these regions, diplomatic although, is overwhelming and tragic. In the fourth place, Syria has likewise been nothing but a theatre of dismal failure. Fifthly, she has failed to enable her Italian ally to preserve the Abyssinian and East African empires.

Last but not least, Russia has presented a most obstinate front to Germany's *Blitz* expansion. To say that in 1941 from June 22 to November 30 Germany occupied hundreds of miles from West to East and north to south on the Russian sub-continent and that during the period down to May 18, 1942 she has been commanding most of those conquests without much withdrawal does not bespeak *Blitz* victory. She could not attain her objectives,—the Urals, the Caspian and the Caucasus. She has failed to stun Russia into submission and abolish the communistic regime. The Russian army's "will to war" and will to victory are as fresh today, as ever. This must be treated as Germany's failure in Russia in spite of super-Napoleonic conquests over there.

The category, "failure," is to be understood in all these instances as implying the inability to accomplish what Germany wanted to do. These situations are all set-backs in reality and positive hindrances to the realization of her goal,—although formally they may look like conquests in far-off regions or territorial expansions. Such conquests do not lead to victory.

In May 1942 these failures of Germany since September 1939 should have to be listed by the student of social science while appraising her victories and forecasting her potentialities for the near future. In the same context it should be necessary

to observe, for scientific purposes, that the victories of Germany such as she has won up till now are not to be attributed exclusively to her own power. In the first place, the contributions of Italy, especially of the Italian navy, should have to be singled out as a most helpful factor in the Mediterranean and South-Eastern Europe. As a rule, it is the custom to laugh Italy out of the arena. But the British navy, as a force and general staff perhaps would not deny Italy, after the war is over, the credit that she deserves for obstructing British operations in Northern Africa and Southern Europe. In the second place, the student of science should have to see the rôle of Japan in German victories on the European continent. From September, 1939 to December 7, 1941, when Japan directly involved herself in the war, she was, as a member of the "Triangle" (the Axis), the guardian of German and Italian interests in the Pacific and the Far East, nay, in entire world from the American to the African coasts. This did not necessitate any active participation of Japan in warlike operations against the British Empire or its allies. But these latter were compelled to reserve a substantial part of their resources in these Japan-guarded areas as precautionary measures. This diversion of resources from the European and the Atlantic theatres led to a relative weakening of the British and allied forces *vis-à-vis* Germany. Japan's contributions to German victories were, obviously enough, substantial. They are continuing still.

Be it observed incidentally that they should have to be balanced against Germany's contributions to Japanese victories in Asia since December 7, 1941. Had there been no German activities in the European, Atlantic and Mediterranean theatres the Anglo-American navies could have functioned more freely and liberally in the Pacific and the Indian, thereby militating

considerably against the adventures of Japan. The success achieved by each has to be attributed in a large measure to the effective alliance—although indirect for the time being—between the two powers.

Be this as it may, the first half of World War II is perhaps over. We are now at the commencement of the second half. The Anglo-American empires look already somewhat prepared. One cannot be positively sure that the possibilities of *Blitz* from the German side are great. In the main it seems now to be a question of *Sitz*—sitting static or stationary operations. The prospects of the second half may now be indicated in a few words. We may look upon it as almost a new war in which both the parties hold forth as fresh or refreshed combatants. Exactly which party is going to take the offensive and what form of offensive—*Blitz* or *Sitz*—it is likely to be remains to be seen. Besides the Russian war machine is virtually German in technique and organization and may be expected to exhibit quite a few Germanisms in strategy and tactics (*Supra* pp. 391, 392, 452).¹ Betings are likely to be mutual.

At the start the situation is as follows. Japan is master of virtually the whole of Burma and is trying her bombs on the easternmost parts of Bengal, Manipul and Assam in India. Chittagong (Bengal) has experienced several air attacks and perhaps invasion. Japan has also occupied entire Burma, China, Road and penetrated over two hundred miles into China. In Europe Germany is tenaciously holding on to her Russian conquests. These extend from Leningrad and Ladoga to Bryansk, Tigranog

53 *Re* German principles of the Russian war mechanism see B. K. Sarkar *Villages and Towns as Social Patterns* (Calcutta 1941) pp. 605, 606.

and the Crimea. Within the last few days she is reported to have occupied the Kerch sector of the Crimean Peninsula. In spite of all this the war-situation is strategically favourable, in my judgment, to the Anglo-American bloc in the third week of May 1942. (*Supra*, pp. 450-451, 467-468).

My analysis is not dominated by the experience of the first half of the present war. It is based on the presence of altogether new conditions in resources and on their impacts on the comparative "staying power" of the two sides with a view to long period hostilities. In the second phase we are virtually to witness an almost entirely new war.

The weaknesses of Germany and Japan in view of a somewhat long war of the *Sitz* type (down to, say, 1945) lie on the surface. Germany and Japan possess no territorial (land and/or water) contacts with each other.⁵⁴ They cannot possibly dream of winning in this war until and unless the material, technical and human resources of the two powers can supplement and support each other regularly and systematically from day to day. For the present they constitute two disjointed halves without the remotest possibilities of direct and visible collaboration.

Another weakness is not obvious but none the less considerable and damaging in effects. It belongs to the political *milieu*. Germany, as an exponent or embodiment of albinocracy or white prestige, may not have genuine sympathy with her ally, the non-white Japan's phenomenal three-dimensional triumphs over white empires in Asia. The restoration of Asians to freedom from the thralldom of Eur-American albinocracy under Japanese auspices or, at any rate, the expulsion of the whites

54 *Pol. Phil.*, Vol. II, Part III (1942), pp. 285, 323.

from Asia by Japan is something which may not lead Germany to enthuse over the quickest and most effective collaboration with her Asian partner (*Supra*, pp 394-395)

It is questionable if Germany can ever be interested in the annihilation of Eur-American empires in Asia by an Asian power. What Germany wants is just an empire for herself, perhaps at least as great as that of France, nay, of England. In case she can bring the British empire down to the level of the French as the latter was *vis à-vis* the British at the end of the Napoleonic wars Germany's ambitions are likely to be satiated. But that does not mean the total overthrow of the British or other white empires in Asia and Africa, as Japan has been consummating. It is clear that Germany has caught a Tartar in her Japanese ally. The German-Japanese alliance may prove to be more a weakness than a strength on account of mutual suspicions."

The Anglo American bloc is, on the contrary, a physically solid, territorially contiguous theatre of material, technical and human cooperation. In the first place, Russia is the direct neighbour of China, China is the direct neighbour of India, and India is the direct neighbour of Russia and is indirectly connected with her *via* Afghanistan and Iran. Communications,—China-India (Assam-China, Bengal-Tiber-China), India-Afghanistan-Russia, India-Iran-Russia, and Russia-China,—are already in existence although not well-developed and efficient, but new ones may be projected and the old ones improved for a long period enterprise. Secondly, Russia's contacts with England and the U.S.A. by the Arctic Ocean are functioning in spite of German submarines. Besides, India's and Russia's intercourse with

Australia, South Africa, England and the U.S.A. by the Indian, the Pacific and the Atlantic Oceans can hardly ever be hundred per cent blocked by the Japanese navy and the German U-boats. As long as the Anglo-American bloc successfully prevents the Japanese and the German land forces from making a systematic and solid contact with each other, i.e., prevent Russia from being cut off from China and/or Iran and India the war will tend to be against the German-Japanese world-planning and in favour of the *status quo*, i.e. Anglo-American world-domination.

It is relevant to observe that, so far as the duration of the present war is concerned, the antipathies of Soviet Russia to her bourgeois allies of the Anglo-American bloc do not appear to be more effective than those of Germany to the white to the non-white Japan. For political science a very interesting case is on hand. It consists in the study as to whether the ideological antithesis, communist *vs.* bourgeois, is less antithetic than the racialological antithesis, white *vs.* yellow. More concretely, the question is as follows: Can Germany, in spite of her abhorrence of the Japanese "yellow peril", honestly and loyally cooperate with Japan against the white enemies to the same extent that Russia, in spite of her repugnance to capitalism, can with the anti-communistic bourgeois powers? Or, can Russia continue her camaraderie with her ideological enemies of the Anglo-American plutocracy longer and more effectively than Germany with her "ethnic inferiors", the Japanese? It seems, for the time being, that Russia is bent on utilizing the Anglo-American bourgeoisie until the end of this war. It remains to be seen whether Germany is capable of utilizing Japan in the same manner. I am not a prophet, nor do I have any special pleading for one side or the other. I am only drawing a pattern of probabilities on the

strength of facts and realities as they appear prominent. My analysis is speculative and is not likely to hurt anybody. So let us wait and watch. (*Supra*, pp. 452-454)

War is an experimental science. Every war is a training ground for the next war. To the general staff and genuine soldiers as well as creative statesmen of every country it furnishes a laboratory practice with a view to the detection of its existing shortcomings and the verification of its tactical, strategic and economico-technocratic hypotheses. World-War I (1914-18) proved profoundly instructive to Germany as much as to her enemies, nay, to Japan as well.

In September 1939 World War II was started by Germany on a platform of national potential of all sorts much higher and solidier than the enterprise of August 1914. World-War I did not turn out to be as dismal a failure to Germany as superficial historians and ephemeral statesmen have believed. Germany 1939 was factually a more formidable, powerful and world-terrifying commodity than Germany 1914. The present war is not likely to be a *pro forma* success to Germany. But the lessons and results of this formal or nominal failure bid fair to be very substantial for her future expansion. After all, Germany is a raw youngster in the game of world domination. She can wait for several other rounds. When the next round comes off, as it is bound to stay, by 1960-65, she may find herself a little better forewarned and forearmed than at the conjuncture of 1939. The scientific world ought not to forget that what it witnesses today is but a stage in the development of a hundred years' war between Germany and the British world domination.

The Anglo-French Entente of 1904-05 may be considered to be the starting point in this Anglo-German armageddon. Down

to 1914 were exhibited the preparations on both sides. The chronology may be indicated as follows:

- 1904-05. Anglo-French Entente the starting point of the Anglo-German war of hundred years.
- 1905-14. *Udyoga-Parva* (The Chapter of Preparations, to use an expressive category of the *Mahabharata*).
- 1914-18. World-War I. The first round of the Anglo-German war.
- 1919-38. Preparations for the revenge on the Versailles-Geneva Complex by vanquished Germany. Hitler's nationalism is but *one* of the thousand and one war-potentials of eighty million Germans. It is entirely wrong to describe Hitler and his party as the only or the chief factor in Germany.
- 1939-45(?). World-War II. The second round of the Anglo-German war. Germany does not formally win. Perhaps the war ends in a draw. (*Supra*, pp. 219, 469, 491, 493). The Peace Treaty is likely to be complicated.
- 1945-65(?). Germany's and England's reconstruction and preparatory measures for World-War III.⁵⁶
- 1965— World-War III. The third round.
- etc. etc.

So far as Japan is concerned, her story from 1905 on is cautious, halting and slow. But the Japanification of Asia has been continuous and steady. All the same, Japanese resources in materials, technically developed man-power, inventions and discoveries, are as yet those of a junior or freshman. No equali-

⁵⁶ B. K. Sarkar: *Post-War World-Economy* (Calcutta, July 1941). See, *Supra*, pp. 203-204. *Infra*, Appendix.

zation is possible between her juvenile activities of today and the youthful adventures of contemporary Germany. The two youths are not in the same stage of development and do not exhibit the same power. In December 1941 Japan has started brilliantly and her achievements appear to be extraordinary. They are seemingly more magnificent than even the *Blitz* successes of Germany. The world of science must however dive deep in order to appraise the exploits of Japan and compare them with those of Germany.

In the first place it is the surrender of Indo China to Japan by France after the latter's collapse under Germany in June 1940 that has enabled Japan to embark on her *dokujin* (world conquest). The command over Indo China is virtually a windfall to Japan. But it is this command that places the Asian continent at her feet. Thailand (Siam) enters her sphere without a word. South west (Chungking) China is terrified. The invasion of Burma and Malaya by land becomes a simple sailing. Secondly, it is because of command over Indo China's waters that the Pacific theatre from Hawaii Islands, nay California coasts to Singapore and Souabrya can be safely negotiated by Japan without danger to her vital communications. The presence of an independent French navy and air force would have created an entirely different situation.

Secondly the Eur American empires in Asia and Africa are self complicity institutionalized and arrogant personified. The measures of self defence—economico technocratic military moral ethical human and socio moral—organized by the

57 For the short comings of colonial or dependency administration in Asia see *Supra* pp 333 475 478 448 450 475 as well as *Pol Phil* Vol II Part I pp 303 313 314 316 and Part III pp 119 122 314 317

white empires in their Asian and African dependencies and colonies are, to say the least, not as adequate and efficient as those organized by the European states for their national independence as against invasions by European powers. This is why it has been possible for Japan with apparently rather scanty supply (relatively speaking, i.e., compared to German) in aeroplanes, tanks, munitions and men to occupy island after island and country after country as well as annihilate empires in the Southwest Pacific and the Far East within a little over five months (7 December 1941—18 May 1942). These are *Blitz* victories, no doubt, but *Blitz* acculturated to the relatively primitive, underdeveloped and semi-protected conditions in Asia under European masters. The German *Blitz* in France and Russia belongs to another chapter of military-technocratic or war-organizational achievements. The Japanese *Blitz* does not belong to the German category.

Last but not least must be mentioned the co-operation and alliance obtained by Japan from the nationalists in every Asian theatre of operations. The anti-albinocratic doctrine of "Asia for Asians", prevalent in these regions, has helped Japan substantially. Such assistance and collaboration Germany hardly got anywhere in Europe. It is questionable if the Quislings of any European country may be treated as equivalent to the Monroe Doctrine nationalists of diverse regions in Asia (*Supra*, pp. 467-468). Japan should appear to have derived more profit from what may be called "invisible alliances" and "invisible enmities" than Germany or any other power in the present war. The brilliancy

325. See also T. E. Ennis: *French Policy in Indo-China* (Chicago, 1936) and C. Robequain: *L'Evolution Economique de l'Indo-Chine Française* (Paris 1939).

of Japan's up-to-date military-naval-aerial success must not blind the scientific investigator to the large-scale indebtedness of the Japanese empire to the diplomatic conjuncture, i.e., to foreigners, some of the most important among whom are the nationalists of Asia struggling for independence against Eur-America. Japan has utilized the *visbwa-shakti* (world-forces) quite liberally, it should appear.

Not all the details are yet available. But Filipino nationalist opposition to American rule and co-operation with Japan are manifest in the message broadcast on February 6, 1942 to General MacArthur from Manila urging him to surrender immediately.⁵⁸ The speaker is the Filipino leader, Aguinaldo, who led the revolution of 1899 against the U.S.A.

An article on "Burma and the War in the Pacific" in the *Bulletin of International News* (London), February 1942 (pp. 136-137) says that there were some elements which were inclined to look to Japan in the belief that the Japanese would aid them of the British and that they would then attain independence. It states, further, that the Prime Minister of Burma, U. Saw, had been in contact with Japanese authorities since the outbreak of war with Japan and that this has been confirmed by his own admission (January 18, 1942). This is reported by Reuter also.

That the Japanese Government attaches considerable value to the collaboration and support extended by Asian nationalists is evident from the kind of publicity work done by the statesmen of the highest rank in Japan.⁵⁹ On February 16, 1942 Premier Tojo, for instance, tells the Diet after the fall of Singapore that

⁵⁸ *Bulletin of International News* (Chatham House London) February 21, 1942, pp. 166-167.

⁵⁹ *Ibid.*, p. 164.

Japan does not regard the Burmese people as her enemy and would gladly extend positive co-operation to them in establishing Burma for the Burmese provided they take full cognisance of the situation in Britain (who has exposed her utter incapacity) and offer to co-operate with Japan.

Tojo's message in regard to India is similar. Japan expects Indian nationalists' collaboration. He observes that India has a golden opportunity to rid herself of the ruthless despotism of Britain. As for Indonesia, Tojo maintains that the Japanese would crush the Dutch forces but if the Indonesian people understand the real intentions of Japan and co-operate with her in the construction of Greater East Asia she will respect their wishes and traditions and free them from the despotic rule of the refugee Dutch Government. (*Supra*, pp. 440-442).

From such wishes and promises it may be gathered that the contributions of Asian nationalists to Japanese victories in East Asia may have functioned like the "invisible exports and imports" of international trade. Asian nationalism has been the equivalent of several armoured divisions on the Japanese side.

In order that the foundations of her victories may be more substantial Japan should appear to be in need of greater scientific-industrial creativity, technical inventiveness and economic autarchy *per head of population* than she happens to possess at present. The student of social science may not, therefore, be surprised if some of the Japanese achievements be in the main of an ephemeral character. The Anglo-American empires may not be as rickety and weak-kneed as they appear for the moment to be. Japanese resources are not substantial and extensive enough for long-continued operations on diverse fronts. A period of reverses is naturally to be expected. To what extent Japan

is capable of meeting such reverses and carrying on will be a test of her strength by the world-standard

All the same, success, no matter how achieved and with what means, is success even if it be for the day. The Japanese triumphs will possess the value of having created a tradition of epoch-making *discovery* (world conquest) in the Japanese annals. With the exception of Hideyoshi who enjoyed a temporary *discovery* in Korea in the sixteenth century Japan is not endowed by history with Alexanders, Simudraguptas, Akbars and Napoleons. In 1941-42 the Japanese people is being enriched with such world-conquering personalities. On the strength of this capital Young Japan may commence making preparations for the next war (*Supra*, pp 483-484) ⁶⁰ Japanocracy, like the British Empire or, indeed, like everything else in human and interhuman affairs, is well accustomed to proceed by degrees (*Supra*, p 494)

60 B. K. Sarkar, *Villages and Towns as Social Patterns* (Calcutta 1911) pp 510-514, 529-537.

APPENDIX

POST WAR WORLD ECONOMY*

(July 24 1941)

My object in this paper is not to enunciate the ideals or principles of world wide economic salvation. I am proceeding on the hypothesis that the coming post war world economy bids fair to be but a continuation *in the main* of the world economy at 1939.

Let me then begin by defining two terms post war economy and world economy.¹ It is not necessary to indulge in speculation in order to explain the two categories. The economic evolution from 1919 to 1939 furnishes the positive data about these phenomena.

First then post war economy is realistically considered the economy of preparation for the next war. Secondly world economy is to be understood as the economy of that much of the two hemispheres which it is possible for a people to utilize — not however in a sinister manner but in a spirit of mutuality with the other peoples of the same region. (*Supra* p 492)

* A Talk to the Rotary Club of Calcutta on July 4 1941. See also the *Calcutta Review* for December 1941.

¹ B K Saikari. The Equations of World Economy (*Calcutta Review* June 1941). For comparative studies see also *Economic Development* Vol I (Madras 1936 1938) Vol II (Calcutta 1937 1938). Compare Rist and Prou. *De la France d'Auparavant à la France d'Aujourd'hui* (Paris 1939). F Nitti. *Il Capitale Straniero in Italia* (Bari 1915). A Marescalchi. *L'Agricoltura Italiana e l'Austria* (Turin 1938).

The present war (since September, 1939) may come to an end by 1944. This, however, is not the last war. Humanly speaking, a war of revenge may be expected by 1960. Post-war world-economy, then, is tantamount to the economic structure and dynamics of the world during these fifteen or sixteen years. (The termination of hostilities has been suggested to be at 1945, *Supra*, pp. 190, 491, 495)

The present study contains two parts and restricts itself to not more than a few items of economic life. No comprehensive treatment is being attempted,—whether topically or regionally.

We shall, first, analyze the statistics of exports and imports of the U.S.A., France, Germany, Japan, the United Kingdom, and India from 1913 (1909-13) to 1936 (1939) in order to examine the relative importance of diverse suppliers and markets in regard to each economic region. Three periods are being selected. The first is the 1913 (or average of 1909-13) period which represents the old pre-war conditions. The second period is that of 1927-31 (or 1919-23) in order to indicate the conditions of the old post-war situation. The third period is that of 1932-36 (1939) and may be taken to represent the pre-war conditions in relation to the present war (since September, 1939). It may, indeed, be taken to describe the preparations for this war.

The next item in this study is to visualize, on the objective basis furnished by the factual and realistic investigation of the first part, the general configuration or pattern of world economy at the end of the present war. This will be followed by a brief survey of the British Empire-economy in regard to certain items and end with a few recommendations.

PART I

WORLD-ECONOMY

(1913-39)

U.S.A.—In 1913 the total imports into U.S.A. from all the countries of the two hemispheres were valued at 1,813,000,000 dollars.² The British countries comprising the U.K., the Dominions and Colonies as well as India accounted for nearly 565,000,000 dollars. In percentage of the American total the British trade was 30.6

The average of 1927-31 for the total imports of the U.S.A. was nearly 3,565,000,000 dollars in which the British Empire's share was 1,107,000,000 dollars. The British trade was, therefore, 31.0% of the total American import trade.

In the perspective of the last pre-war year 1913 the situation in the quinquennium 1927-31, a decade after the peace of 1919, remained unchanged so far as this particular item is concerned. From 1932 to 1936 the fluctuations in the percentage were as follows

Year	Percentage	Year	Percentage
1932	26.0	1935	33.6
1933	29.7	1936	36.5
1934	32.8		

The average of this quinquennium was 31.7 which may be placed in the background of 30.6 of 1913. It may be said that there was hardly any change. The fluctuation was relatively slight.

² *Report on International Trade, May, 1937* (PEP, Political and Economic Planning, London), p. 252. See also W. W. Jennings *History of Economic Progress in the U.S.* (London, 1925) pp. 675-677.

We shall now take the exports from the U.S.A. In 1913 American exports to the rest of the world totalled 2 466 000 000 dollars the share of the entire British Empire being 1 112 000 000 dollars. The British trade was then 45.1 per cent of the U.S.A. total export trade. For the quinquennium 1927-31 the total export trade of the U.S.A. was 4 301 000 000 dollars in which the British Empire's share was 1 787 000 000 dollars. The British percentage of the American total was 41.5 having come down from the 45.1 of 1913.

For the quinquennium 1932-1936 the percentages were as follows:

Year	Percentage	Year	Percentage
1932	38.9	1935	41.6
1933	36.9	1936	42.3
1934	39.7		

The average for this quinquennium was 39.9 as against 45.1 of 1913. One may say that it was 40 against 45 of 1913 and 42 of 1927-31. The change was not unsubstantial.

Both in regard to imports and exports as between the U.S.A. and the British Empire we may observe that the war of 1914-18 produced hardly any changes. Or rather the few fluctuations were almost immaterial. Taking a broad view of the question *to wit* if we ignore the fortunes of individual trades and industries the variations in their direction and tendencies and the changes in the internal organization of the economy in the two regions. During the first half of this war the U.S.A. was neutral. America became ally of the British Empire for the second half. But these political-military contacts of a specially friendly character could not work like a magic. They failed to bring about a substantial transformation of the trade relations between the two

countries in the immediate post-war period or the subsequent three or four quinquennia.

France.—The analysis of commercial relations between France' and the British Empire is equally instructive. During the five-year period 1909-13 the total imports of France from all the countries of the world amounted to 7,627,000,000 francs *per annum* on the average. The British Empire's contribution was 1,661,000,000 frs. In the total import trade the British percentage was 21.8. During the five-year period 1927-31 the total was 51,915,000,000 frs. and the British 11,029,000,000 frs. Compared with the total the British trade was 21.2 per cent. This is to be placed in the background of 21.8 per cent during 1909-13. The relative position remained virtually unchanged. For the next quinquennium the percentages were as follows.

Year	Percentage	Year	Percentage
1932	16.5	1935	16.3
1933	16.1	1936	14.9
1934	15.9		

The average for this period was 15.3. The decline from 21.8 and 21.2 is not immaterial.

The total exports from France during 1909-13 amounted on the average to 6,324,000,000 frs per year, the exports to the British Empire being 1,388,000,000 frs. The British Empire commanded 22.0 per cent of the total export trade of France. The average for 1927-31 was total 46,142,000,000 frs. and 9,026,000,000 frs for the British Empire, the average percentage of the British being 19.6. This was not far from 22.0 of 1909-13.

3 PEP, *Report on International Trade*, p. 253
64

For the quinquennium 1932-36 the percentages were as follows

Year	Percentage	Year	Percentage
1932	13.3	1935	12.0
1933	11.6	1936	20.6
1934	10.6		

The average came to 13.6. This decline from 22.0 of 1909-13 and 19.6 of 1927-31 is to be treated as substantial.

Franco-British commercial relations are interesting. The French and the British Empires were allies from the start to the end. Down to 1931, i.e. for thirteen years after the peace, the British percentages both in the import and the export trades of France were almost identical with those in the pre-war period. People might say on the strength of such data that the war by itself failed to generate any mentionable transformation.

But subsequently there have been changes and these changes are noteworthy. Both in imports and exports the British percentage has been showing a substantial decline. This decline cannot be attributed to the war. Even a political and military alliance has not been able to maintain the pre-war proportion. Nor could the international comradeship of the two Empires during the *milieu* of co-operation under the auspices of the League of Nations succeed in preventing the decline of the British Empire's percentage in the import and export trade of the French Empire. The magic of war, the magic of alliance, the magic of war to end wars, magic of post-war reconstructions—all failed to work miracles in international trade. In economics as in religion magic may have a rôle. But it does not always work.

Germany.—Not less instructive is Germany's trade relation with the British Empire. In 1913 Germany's imports totalled 10,770,000,000 M. in which 2,083,000,000 M. represented the British Empire's share, constituting 19·3 per cent. of the total.⁴ The annual average for 1927-31 was total 11,769,000,000 M., 2,260,000,000 M. for the British Empire and 19·2 as the British percentage. During the third five-year period after 1919 Germany was importing from the British Empire nearly the same percentage of her foreign requirements as in the pre-war war.

Germany and the British Empire had been enemies. And yet the former's commercial behaviour with the latter was identical with that of the latter's allies, U.S.A. and France. Military enmity or military alliance as such produced no impacts on international trade in post-war periods. One should say that these four economic regions were moving alongside of one another in 1931 exactly as they had been in 1913 and as if the war of 1914-18 had not intervened.

For the five-year period 1932-36 the British percentages of the German import trade can be seen in the following figures:

Year	Percentage	Year	Percentage
1932	17·3	1935	14·9
1933	18·6	1936	16·8
1934	16·7		

The average of the period 1932-36 was 16·8 as against 19·3 of 1913. There was a decline of 2·5, which, although not considerable, is yet noteworthy. The German-British situation was parallel to or identical with the Franco-British.

Let us now examine Germany's export trade. In 1913 the

4 PEP, *Report on International Trade*, p. 254.

total value was 10,097,000,000 M, the British Empire's share being 1,960,000,000 M. The British trade was 19.4 per cent of the total. The annual average for the period 1927-31 was total 11,594,000,000 M and British 1,725,000,000 M. The average British percentage of Germany's exports was 14.9. This was considerably lower than 19.4 of 1913.

For the five-year period 1932-36 the British percentages can be seen below

Year	Percentage	Year	Percentage
1932	12.1	1935	15.2
1933	13.0	1936	15.6
1934	15.1		

The average was 14.2, slightly lower than 01 almost the same as in the period 1927-31. The decline in the British percentage of German export from the *niveau* of 1913 may be treated as identical with that in the field of French export during the same period (1913-36).

Japan—In 1913 the imports into Japan⁵ from all the British Empire countries were valued at 319,100,000 yens out of the total imports of 834,600,000 yens. The British trade was 38.2 per cent of the total. The average annual percentage of the British trade during the five year period 1927-31 was 30.5. The decline from 38.2 per cent was palpable.

The percentages during 1932-1936 were as follows

Year	Percentage	Year	Percentage
1932	28.4	1935	31.3
1933	31.7	1936	31.7
1934	31.5		

The average for this quinquennium was 30.9 almost identical with the average for 1927-31. The decline in import percentage from the level of 1931 has remained a steady fall.

The exports from Japan to the British Empire in 1913 were worth 120,700,000 yens in a total export trade of 729,050,000 yens. In percentage of the total export the British trade was 16.5. During 1927-31 the annual percentage rose to 21.5. From 1931 to 1936 the percentages were as follows:

Year	Percentage	Year	Percentage
1932	26.8	1935	26.7
1933	25.7	1936	26.6
1934	27.6		

The average was 26.7. The expansion (from 16.5) is remarkable. Japanese exports to British countries may be said to have increased so to say by leaps and bounds.

In actual figures it may be pointed out that while Japanese exports to the British Empire were worth 120,700,000 yens in 1913 they were worth 712,500,000 yens in 1936. The two biggest items may be singled out for instance the exports to the U.K. and India Ceylon (in million yens):

Countries	1913	1936
U.K.	32.9	147.3
India & Ceylon	29.9	272.9

We get the following equations:

1. Japan in U.K. (1936) = 4.5 Japan in U.K. (1913)
2. Japan in India Ceylon (1936) = 9.1 Japan in India Ceylon (1913)

In 1936 Japan exported to the U.K. 4.5 times her quota of 1913 and to India Ceylon 9.1 times.

During the same period the imports of Japan from the U.K. declined absolutely from 122 700 000 yens to 72 900 000 yens and from India and Ceylon rose from 173 200 000 yens to 374 600 000 yens only.

How shall we describe Japan's political orientations to the British Empire? Rival? Inimical? or Friendly? Whatever they be—commercially her expanding markets are to be found in the British Empire which takes more than a quarter of her exports.

U.K.—A somewhat long period view of commercial transformation may be obtained from an examination of the course of British trade during three quarters of a century.⁶

The imports of the United Kingdom from non Empire countries have been somewhat steady in percentage of the total imports. The following table indicates the evolution from 1856 to 1929.

Year	Percentage	Year	Percentage
1856	75.1	1901	79.8
1871	78.0	1913	75.1
1881	76.9	1929	73.8
1891	77.2		

Nearly 75 per cent of the United Kingdom's total imports came from foreign countries. This percentage may be taken to have been more or less constant the fluctuations being rather slight.

6 A. Bowley, *England's Foreign Trade in the Nineteenth Century* (London 1905) and *Some Economic Consequences of the War* (London 1930). *Statistical Abstracts for the United Kingdom* (London 1934) pp. 348-349. B. H. Siskin, *Imperial Preference vis à vis World Economy* (Calcutta 1934) p. 1-1.

British imports from the Empire and the non Empire countries from 1931 to 1936 are shown in percentage as follows

Year	Empire	Non Empire	Total
1931	28.7	71.3	100
1932	35.5	64.5	100
1933	36.9	63.1	100
1934	37.1	62.9	100
1935	37.6	62.4	100
1936	39.2	60.8	100

The percentage of Empire trade in the British imports has increased from 28.7 to 39.2 while that of the non Empire trade declined from 71.3 to 60.8

As for exports from U.K. the share of the foreign countries can be seen below from 1856 to 1929

Year	Percentage	Year	Percentage
1856	71.2	1901	62.4
1871	77.0	1913	62.8
1881	66.3	1929	59.0
1891	65.2		

The trend of exports to non Empire countries is towards a decline in percentage from 71.2 in 1856 to 59.0 in 1929. In other words British exports have been on the increase to the Empire countries. The percentage increased from nearly 29 in 1856 to 41 in 1929. The Empireward advance of exports is then a fact of the evolution of some seventy five years.

The trend of British exports to Empire and non Empire countries from 1931 to 1936 may be seen below in percentages

Year	Empire	Non Empire	Total
1931	43.7	56.3	100
1932	45.3	54.7	100
1933	44.4	55.6	100
1934	46.9	53.1	100
1935	48.0	52.8	100
1936	49.2	51.8	100

The percentage of British exports to Empire countries increased from 43.7 in 1931 to 49.2 in 1936 while that to non Empire countries declined from 56.3 to 51.8. Imperial Preference made itself felt.

India—The imports of India⁸ from non Empire countries during the pre 1913 quinquennium constituted 30.3 per cent of the total imports. For the period 1919-23 the percentage was 34.8. India's dependence on non Empire countries was noticeably higher at this date. Political ties as a member of the Empire could not prevent expansion of this dependence.

During 1938-39 this dependence on non Empire countries rose still higher up to 41.9 per cent (from 30.3 per cent of 1913 be it emphasized).

The pre 1913 average of India's exports to non Empire countries in percentage of total Indian exports was 58.9. The same percentage during the 1919-23 period was 58.6 i.e. almost identical with the previous. The percentage declined to 46.4 during 1938-39.

In regard to commercial relations one cannot then trust to war psychology or diplomatic contacts for the establishment of

⁸ *Review of the Trade of India* (Delhi) 1938-39 p. 171. 1938-39 p. 190.

any desired or particular direction, at any rate, for a long period. The international trade contacts establish themselves, generally speaking, on non-war and non-political considerations. In order to produce a desirable result one is required to cultivate a conscious and goalful commercial policy. And the working of this policy necessitates careful watching from month to month.

Autarchy in Fact and Speculation.—The experiences from the war of 1914-18 are, then, rather curious.

The sum-total of changes or transformations that take place during a war is, in general, very modest, rather insignificant. At the end of a war the world starts, so to say, as if the war did not exist. War-enthusiasms, war-idealisms, war-hatreds, war-illusions and war-schemes may not endure. Post-war changes are almost invariably generated by non-belligerent considerations. They may, to certain extent, be regarded as the aftermath of the war. But, as a rule, it is "business" and not "politics" that in the last analysis rules the world-economy, taken in a broad sense.

In the instance referred to, technocratic changes of a tremendous character constituted, however, the most dramatic events. Every war is organically associated with inventions in tools, implements, and machineries. Drastic changes in social (labour) legislation were also some of the characteristic features. But even in both these fields the start, already made at 1913, might have explained,—without a war,—many of the phenomena of the world-economy at 1925. This is, undoubtedly, an extreme position and need not be stressed but cannot by any means be overlooked.

But it is implied that, on statistical and inductive considerations, economists ought as a rule to fight shy of employing the category, "revolution," while describing the transformations in

the economic pattern. The processes in the transformation appear on a somewhat longer view,—say, a half-generation-long survey,—generally speaking, to be rather slow and gradual. In economic curves, realistic as they are, the short-period revolutionary phases may be nearly ignored.

The period 1927-31 witnessed two economic phases. The first was the economic boom which reached its zenith in 1929. The second was the world economic depression 1930-32. The period 1932-36 saw the *nadir* of depression (1932). The next four years 1933-36 were years of new economic policies in every country. They comprised trade agreements as well as currency manipulations of all sorts. It is these economic policies that mainly account for the changes in the export-import proportions indicated above.

These policies were chiefly protectionist. They were generally undertaken to combat unemployment.⁹ Economists and statesmen referred to them as attempts at economic autarchy, *swaraj* or self-sufficiency in diverse forms or doses. Imperial Preference was comprehensively adopted for the British Empire as well as the French Empire (1932-34). Germany adopted national-socialism as her economic political and socio-economic creed. Her industrial and commercial manifesto was that of the four-year-plan (1933-36). The alleged Anglo-French and German autarchies or "*swadeshi* movements" were then substantially well lodged in the world-economy.

The five year period previous to September 1939,—the

9 B. K. Sarkar, *Indian Currency and Reserve Bank Problems* (Calcutta, 1934), pp. 75-84, *Economic Development*, Vol. II (Calcutta 1938), chapter on "The World Crisis in its Bearings on the Regions of the Second and the First Industrial Revolutions."

commencement of the present war,—may be taken as the period of preparation for it. But even during this period neither the allies or enemies of the last war nor the prospective enemies or allies of the war to come behaved in a specially mentionable,—*i.e.*, friendly or unfriendly manner, so far as factual exports and imports are concerned.

The changes in *the directions of trade* between region and region during 1933-39 cannot be treated as, on the whole, unsubstantial, although not very considerable. But they have been directly promoted,—in a deliberate manner,—by the commercial policies adopted by each region. In every instance the primary motive was economic,—the promotion of the agrar-industrial strength as diverse fronts as possible. The prospective or eventual war was also an ingredient in the commercial or political mentality. This tended in each instance to look for national prosperity on a self-sufficiency basis rather than according to some inter-allied or international ideal.

It is for the shrewd businessman to ascertain,—realistically from quarter to quarter,—to what extent he can depend upon the war atmosphere and how far his commitments should be governed by pure economics. Humanly speaking, it should be extremely rash to generalize about the proportional rôle of the two factors,—war and economics,—in the world-economic developments (*Cf.* W. W. Jennings, pp. 675-676).

The objective statistics of exports and imports point but to one or two very elementary things.

A political friend or military ally is not necessarily the most worth while commercial client. Nor is a political rival or military enemy the worst paying market. A political-military interpretation of economics in a monistic or deterministic manner

turns out, inductively speaking, to be as unwarrantable as the Marxist economic interpretation of politics, military movements or culture. In every instance the attempt on the part of businessmen has remained to find contacts not with eventual military allies but with persons or groups that happen to be good paymasters.

National autarchy or self-sufficiency in the economic sphere was statistically unknown during this period. The international or inter-regional trade contacts were as great facts of the world economy as during any other period.¹⁰ For the present, it is not necessary to go into the historical fluctuations in the volume of international trade from decade to decade.

The ideal of economic autarchy was no doubt prominent everywhere. But the realizations of this ideal were very limited and relative. In no significant sense could autarchy be regarded as a fact of substantial value.

The absence of autarchy in the different units of the British Empire may be assessed by a reference to the ratio of "retained merchandise imports" to "net national income." The percentages of imports to income, as thus defined, were as follows (imports for 1929, income for 1925-34).¹¹

Imperial units	Percentages	Imperial units	Percentages
South Africa	47.2	Canada	25.6
New-Zealand	33.7	U.K.	24.7
Australia	27.8	India	6.1

10 B. K. Sarkar, "Industrial Planning and Economic Autarchy" (*Calcutta Review*, August, 1939).

11 "Degrees of National and Regional Self-sufficiency" in *The Bulletin of International News* (Royal Institute of International Affairs, London, April, 1941), pp. 475-479.

The dependence of the Imperial units on foreign imports in 1929 ranged from 6.1 per cent (India) to 47.2 per cent (South Africa). These differential ratios may be ignored in case the entire British Empire be envisaged as one economic unit. Thus considered, the British Empire's dependence on the non-British world,—and, therefore, its absence of autarchy, was registered in 1937 by 8.0 per cent.

The absence of autarchy was an universal phenomenon. Relatively speaking, autarchy was enjoyed in 1929 by the exceptionally large-sized regions. Somewhat low ratios of dependence on foreign imports were exhibited by the following regions:

Regions	Percentages	Regions	Percentages
1. U.S.S.R.	2.6	3. India	6.1
2. China	3.6	4. U.S.A.	6.6

With the exception of these "relative" autarchies in the U.S.S.R., China, India and the U.S.A., the world-economy was essentially a system of mutual dependence. The ratios of dependence on foreign imports in regard to certain regions are indicated below in the perspective of the U.K. and the British Empire:

Regions	Percentages	Regions	Percentages
U.K.	24.7	Germany	18.2
Italy	21.4	Japan	12.3
France	18.3	British Empire	8.0

In regard to the economics of autarchy it should be observed, in the first place, that it is not necessarily a mark of or a factor in economic prosperity. In the second place, in case it be regarded as a factor in military-political strength the British Empire with its 8 per cent was, humanly speaking, normally in the most solid position in 1937.

PART II
WORLD-ECONOMY
(1944-60)

The Regime of Seven Internationalisms—The economic *Gestalt* or configuration of the two hemispheres, such as can be reasonably deduced from the statistical study of recent economic evolution, is quite intelligible. We get the pattern of doses of autarchy amalgamated with doses of internationalism.

World-economy is not to be understood as totalitarian cosmopolitanism, which is the common factor in the manifold ideologies of "new order," "world order" or "world-federation." Nothing more than a number of "organized internationalisms" on the economic plane is, at the present stage of interhuman relations and developments, conceivable as a system of practical business questions. These internationalisms are to be understood as more or less independent planetary systems of the commercial world revolving round or evolving on the strength of certain dominant forces. The existence of a unitary solar system regulating the agricultural, industrial and commercial activities and institutions of the two hemispheres has to be ruled out of the picture. In the place of a totalitarian world economy we have to visualize at least a number of regional or partial world-economies.

These regionalized and pluralistic world economies may be envisaged as embodied in and revolving around, say, the following seven economies:

- 1 The British Empire-Economy
- 2 The French Empire Economy.
- 3 The American Economy

- 4 The Russian Economy.
- 5 The Japanese Economy
- 6 The German Economy
- 7 The Italian Economy.

They are to be regarded as "organized internationalisms" or territorially partial world-economies because of two considerations. First, each planetary system will have its own currency. The economic regions normally belonging to this system are bound to one another by a more or less uniform or uniformly manipulated monetary organization. In the second place, the customs tariff binds each of these systems into a more or less unified whole. Each planetary system may be described as a tariff-union or customs-union (Compare the impacts of the Monroe Doctrines in the political sphere, *Supra*, pp 461, 471-474)

The economic transactions of the two hemispheres are to be conceived as divided up between these seven zones. These zones may be described, without camouflage, by the notoriously unpopular words, "spheres of influence" or "spheres of interests." It is not to be understood that these seven international systems are hermetically sealed against one another. Transportation, trade, travel and traffic of all forms are to be regarded as normal and daily affairs between these regionalized world-economies. By no means should they be suspected as representing in any way the "closed commercial states" of economic and political theory (e.g. Fichte, Keynes, *Supra*, p 321).

It is quite possible that from time to time some or all of these seven international systems would exchange views with one another. Once in a while it may be felt expedient for some of them to get acculturated to one another in certain currency, banking, transportation or other policies. By way of illustration

the Sterling Bloc may be referred to. But generally speaking they are to be taken as constituting a world of mutually suspicious and unassimilative as well as independent or exclusive internationalisms or federations (*Supra* pp 99 104 121 122 184 186 *Infra* pp 520 521)

International cartels¹ for production and for marketing have been seeking to regionalize output as well as trade. Institutions like the International Sugar Council the International Association of Rubber Producers the International Steel Cartel Coppers Exporters Ltd the Mercury Cartel the International Association of Manufacturers of Rollingstock and numerous other cartelized associations are more or less world wide in jurisdiction. Their utility has not been grained and indeed has been officially recognized by the grant of Government sanctions even during the epoch of autarchistic *swadeshim* throughout the world.

Cartellizations of the international type are no new phenomena. They have been going on for decades. It is only during the last half generation especially since the world depression of 1929-32 that they have become popular and household words. Such international interlocking will of and on be found quite assimilable to the seven planetary systems conceived in this study (*Supra* pp 44 50).

An international currency such as is likely to be legal tender throughout the world is out of the question. Equally unthinkable is the system of universal free trade which can render tariff

12 B K Sarkar. Trusts and Rationalization. Aspects of the New Industrial Revolution. International Cartels and Cartels in Japan in the *Journal of the Bengal National Chamber of Commerce* (Calcutta) for September 1927 December 1930 and December 1931.

wills unnecessary Polycentric world economy,—multiple-currency and hetero-taiffed economic internationalism,—appears to be the type of pluralistic organization that awaits us in the near future and is likely to prevail among mankind for some long time to come

The economists of the League of Nations are right when in one of their annual publications they declare that "the prospect of world specialization upon the basis of nationally planned economies is still remote"¹³ This was written six years ago. We should consider this position to be valid for quite a number of six years from today

It is only when patients suffer extreme agony that they make all kinds of wonderful resolve, especially in the presence of the attending doctor or priest, about behaving in a correct manner once they get well Patients do not always die Nor do they always recall their resolve or vow when they start once more to live and flourish Individuals organized in groups known as nations or states do not happen to possess a new psychology on account of the organization. The fact of coming together in inter-individual patterns does not induce automatically a new mentality Social man makes pious resolves in the *milieu* of wars as to the spurning of a particular attitude or the banning of some special policy in post-war situations Wars do not last long post-war conditions emerge at the proper moment, but men and women forget their war-time pious wishes, and the world muddles on merrily all the same.

¹³ *World Economic Survey*, 1934-35 (Geneva, 1935), p 188 See also C W Guillebrud "Hitler's New Economic Order for Europe" and P Einzig "Hitler's 'New Order' in Theory and Practice" in the *Economic Journal* (London) December, 1940 and April, 1941

It is in this individual and social psychology that we find the justification of Lionel Robbins's conclusion in the paper *Economic Factors and International Disunity*¹¹ published by the Institute of International Affairs (London). The root cause of the difficulty says he is not economic it is political. Further: While reason and persuasion are important I do not think that we can trust to reason and persuasion alone to preserve the world from anti-social national policies. (*Supra* p. 386)

Wars then are to be treated as normal and recurrent phenomena in world economy. Autarchy i.e. *swadeshim* in agriculture manufacture banking insurance and transportation has likewise to be regarded as a constant factor in the international milieu. And yet world orders or new orders or co-prosperity spheres i.e. internationalisms of some sort or other may be promoted in the commercial relations of mankind. The economic world has to proceed pragmatically and watch the steps (i.e. the results obtained) and formulate the objectives or goals (i.e. the results expected) from one short period to another short period. Millennial ideals or projects and policies cannot be entertained as economic tenets or rationalities. (Compare Haiskill re political millennium *Supra* p. 382)

The British Empire Economy as a System of Economic Decentralization—The chief consideration for the British Empire Economy is the promotion of its own strength as a territorially partial world economy or a regionally internationalized economic unit. It is postulated that its impacts on the other international systems and their impacts on it are normal economic phenomena. It is understood also that a number of

economic areas which do not legally constitutionally or politically belong to the British Empire (e.g. Scandinavian countries Greece and some Balkan states certain Latin American regions etc.) may get linked up with this economy in self interest. The linking can be done chiefly by currency affiliation and by customs assimilation (*Supra* pp 517-518).

All those economic regions in the two hemispheres which possess relatively extensive markets in the British Empire or are dependent on it for capital are likely to feel the natural urge for seeking their currency and tariff amalgamation with this international system. The economic linking is not necessarily to be treated as a function or correlate of political or military association. It is to be understood as a purely business proposition, a matter of day to day convenience in trade and transport.

The strengthening of the British Empire with a view to the eventual world developments of the next two or three decades will depend in a large measure on the promotion of economic autarchy or self sufficiency in its constituent parts. It should not be the policy of British finance to treat India, the Dominions and the Colonies as complementary to the United Kingdom or to one another in regard to output and supplies. No Dominion or Colony can be safely permitted to specialize in certain lines to the exclusion of others. Nor may it be reasonable to let India move on in a *laissez faire* manner exclusively in those fields in which the Indian people can easily exhibit their special strength. India will have to be deliberately developed into a comprehensively self sufficient economic unit. The U.K. cannot afford to have itself obsessed by certain specialized activities and depend for the majority of its requirements on the Empire countries or abroad. It is not the line of least resistance or the field of

special facilities, that may be safely attended to in the different units of the Empire

The paramount desideratum is the conscious and goalful development of diversified economic enterprises of all grades in each and every Imperial region. The British Empire has need to be planfully transformed into an economic federation of strong agrar-industrial or mixed autarchies. This would be economic decentralization on inter-imperial scale. Financial statesmanship will have to allocate the investments in as many different lines of agriculture, manufacture, trade and transportation as possible in the Dominions, Colonies, India as well as the U.K. Altogether, we encounter the problem of an extensive reorganization of the finances and economic structure of the Imperial regions. The diversification of economic activities or business enterprises in each region has to be understood as the "balancing" of Imperial resources in finance, technique, employment and output in a rationalized manner.

India's Industrial Autarchy—What ought to be India's place in this system of decentralized Empire-finance and co-ordinated net-work of Imperial autarchies or self-sufficient units? Let us examine the present situation. During the three year period 1936-39 India had to depend annually for nearly 325,000 tons of iron and steel goods on imports from foreign countries. These goods comprised such essentials as steel bars, galvanized sheets, beams, hoops and strips, tubes, pipes, nails, tinned sheets, fishplates, rails and so forth.¹⁵

For machinery and mill work India had to place orders with overseas countries to the tune of Rs. 197,200,000 in 1938-39

¹⁵ *Review of the Trade of India 1938-39* (Delhi 1939), pp 94, 95, 96, 99-100, 104

The industrialization of India is bound to be halting and limping as long as the Indian people remains incapable of manufacturing tools, implements, and machineries of all classes in adequate proportions. During the present war the situation is not as bad in this field as during the war of 1914-18. The reports of businessmen and bazar specialists indicate that the output of Indian industry for war effort comprises many items in machinery, tool, and equipment. Writing as we do in the last week of July, 1941, it is possible for us to observe on the strength of statements from the Eastern Group Supply Council that nearly 75 per cent of the requirements of the British armies east of Suez have been produced in India. Among these supplies are to be found engineering stores, guns, munitions, and armour plating as well as textiles and leather products. Small-sized ships, minesweepers and submarine chasers have been built in India as a part of the war effort. Repairs of the mercantile fleet have also been undertaken in the Indian shipbuilding yards. (*Supra*, pp. 186-194)

All the same, the primitive and infantile condition of many of the lines in machine-building industry cannot be doubted. Some of these industries have not gone beyond their experimental stages. India continues to be a heavy drag on the British Empire in these as in many other lines of modern efficiency.

In the textile machinery, oil crushing machinery, lathes, printing presses, electric installations and several other lines elementary beginnings have been made. For all practical purposes they are not really mentionable. The production of boilers, prime movers, paper mill machinery, sugar machinery and so forth remains still a will-o'-the-wisp of India's industrial ambition. Machines of quality are *ultima thules* in every line.

Another will-o'-the-wisp is the production of motor vehicles

of which nearly 13,000 cars and 10,300 omnibuses, vans, etc., were imported per year during 1936-39. To the same group belongs the manufacture of ships as well as of aeroplanes. Incidentally it may be observed that the first aeroplane has already been produced at Bangalore and the foundation of the first Indian modern shipbuilding yard laid at Vizagapatam (*Supra*, pp. 208-210).

In chemicals India's dependence on foreign imports was to be measured by Rs 30,500,000 in 1938-39. The lines covered sodium carbonate, caustic soda, acetic acid, citric acid, potassium compounds, zinc compounds, calcium compounds, bleaching powder, copper sulphate, glycerine and so forth. In this sphere India's deficiencies ought not to remain as they are for any lengthy period. The industry of chemicals and drugs is waiting for a vigorous push.

The Eastern Group Conference or an institution similar to this ought to be a permanent fixture in post-war years. Its functions should be somewhat different from those with which it is entrusted in order to serve and accentuate the war-effort. It should function with the prime object of promoting the industrial autarchy of India and those Empire regions which are not up to the mark in industrial fields.¹⁶

The Reorganization of the U.K.—So far as the U.K. is concerned, the most important item that needs special reconstruction is the occupational structure of the people. As low as 67 per cent of the gainfully employed men and women of

16 B. K. Saksu 'The Equations of World-Economy' (*Calcutta Review*, June 1941), the section on "The War-Economy and Indian Industrialism."

England-Wales is occupied in agricultural activities (1931).¹⁷ Both economically and socially as well as politically and militarily this index should deserve the most serious consideration of experts in Empire planning. The meaning of this index will be apparent in the perspective of the corresponding indices of some other countries, e.g.,

Countries	Agricultural Employment Index	Countries	Agricultural Employment Index
England-Wales	67	Italy	46.7
U S A	22.0	Japan	49.6
Germany	28.8	India	66.5
France	35.7	Russia (1926)	85.0

In terms of competitive economics there is no harm, be it said at once, in a region's abandoning agriculture to the dogs and specializing itself in non-agricultural pursuits. The prosperity of a country can be expanded and maintained at an increasingly higher rate by industry and commerce to the almost total neglect of agriculture. As long as the output in other lines is plentiful and relatively cheap (or less expensive) it is possible to exchange a part of it for food and raw materials from other countries. This line of reasoning is quite valid in economic theory.

But in the interest of Empire economy the purely economic considerations of a theoretical character should not be permitted to hold the ground. The experiences of the war of 1914-18 as well as of the present war should not fail to be eye-openers in regard to the value of an eventual food-autarchy for the British

¹⁷ *Statistisches Jahrbuch für das deutsche Reich* 1931 (Berlin) pp 37*-38*

people The Agricultural Tribunal of Investigation examined the problem in 1924. Steps have been taken since then to expand or rather accelerate the operation of the Small Holdings Act of 1908. A fillip has thereby been rendered to the re-agrarization of the British people. Besides, the Agricultural Marketing Acts of 1931 and 1933 have served to offer protection to agriculture on almost continental lines¹⁸ (*Supra*, p. 39).

All these measures are movements in the right direction. And yet the fact remains that the percentage of British food requirements imported from abroad is exceptionally high, for instance¹⁹

Article	Percentage Imported	Article	Percentage Imported
Butter	90	Mutton and Lamb	58
Wheat	75	Beef	50
Bacon and ham	69	Eggs	44
Sugar	66		

It is to these and allied fields that British investments have to be diverted. These are some of the essential or key trades which deserve relatively greater outlay and solicitude. If India's essential or key trades are to be encountered in the domain of engineering, chemistry, manufacture, or in one word, industry, the U.K.'s essential or key industries are to be seen in agriculture and animal husbandry. The "balancing" of occupations and

18 B. K. Sarkar *Economic Development*, Vol. I (Madras, 1926, 1938), ch. on "The Small Holdings Movement in British Land Legislation", J. H. Richardson *British Economic Foreign Policy* (London, 1936), ch. on "Agricultural Policy", J. H. Clapham *An Economic History of Modern England, 1887-1929* (London, 1938)

19 *Report on International Trade* (PEP, London 1937), p. 206

employments takes two different forms in the two economic regions.

Coming back to the agricultural employment index it should appear that the British people cannot afford any longer to rest content with 6·7 per cent. The index will have to be raised not, indeed, to the Russian niveau of 85 but perhaps somewhere near the American, say, to 20. The problem of re-agrarization of the British people ought to command the greatest amount of economic statesmanship in regard to the post-war economy. It is in this manner that the ideology of diversified economy for the U.K. in the place of the present state of ultra-industrialization may be realized in practice. Statesmanship should not fail also to be convinced that a relatively larger farm population is likely to be a source of military, political and social strength to the U.K. Psychologically, besides, the British people ought to get used to the idea that a somewhat larger level in agrarization need not automatically imply a backwardization or decline in culture and modern progress. (Cf Jennings, pp 573-575, 583-589).

The British Industrial Employment Index—The raising of the agricultural employment index,—the re-agrarization—would involve, as a matter of course, the lowering of the industrial employment index, i.e., a course of de-industrialization. In England-Wales (1931) 49·9, say, 50 per cent of the gainfully employed is occupied in the industrial and mining enterprises. The corresponding industrial indices for the countries mentioned in connection with the agricultural employment index are as follows.²⁰

²⁰ *Statistisches Jahrbuch für das deutsche Reich*, 1931 (Berlin), pp 37* 38*

Countries	Industrial Employment Index	Countries	Industrial Employment Index
England Wales	49.9	Italy	28.7
Germany	40.6	Japan	22.0
U.S.A.	35.2	India	10.6
France	35.1	Russia (1926)	8.9

The hyper industrialized character of British occupational structure is obvious. It becomes much too palpable in the background of the excessively low agricultural employment index. But de industrialization is likely to be a damaging category in British thought. It will require extraordinarily bold statesmanship and profoundly realistic Empire view to be convinced that the industrial employment index should be deliberately and fully brought down to a certain extent.

Perhaps the most fundamental preliminary consideration in this regard is the psycho sociological. The British social *mores* have got to acculturate themselves to the idea that a relatively lower dose of industrialization cannot signify a somewhat lower level of culture, civilization or prestige by the world standard. Nor can a relative de industrialization spell a comparatively reduced military strength. The objectives aimed at are entirely otherwise.

What should be the ideal industrial employment index for the British people in view of the new Empire economy recommended in this study? The question may be left open. But certain indications suggest themselves at once. The index is not of course to be brought down to the Russian or Indian level nor even to the Japanese or the Italian. Perhaps the Franco American level of 35 may not appear too revolutionarily low in case British

economic statesmanship be wide-awake enough to the needs of comprehensive Empire development. This becomes a few points lower than the present German level (40.6). But it is to be understood that the U.K. is asked to plan for the entire Empire in one rationalized scheme whereas with Germany the question of overseas possessions and planning for them does not arise.

Altogether, the post-war Empire-economy as envisaged in this analysis would comprise the following two items

1 Relatively greater doses of the U.K.'s independence *vis-à-vis* the Dominions, Colonies and India in regard to agriculture. (U.K.'s agricultural autarchy).

2 Relatively greater doses of independence enjoyed by the Dominions, Colonies and India *vis-à-vis* the U.K. in regard to the industries. (The industrial autarchy of these Empire regions)

These two orders of autarchy for the diverse Empire-regions,—the agrarization of the U.K. and the industrialization of India, the Colonies and Dominions,—in order that each may be rendered as diversified in occupations as possible should constitute the fundamental lines of reconstruction that the British Empire planners may be called upon to examine in a careful manner. This problem may be taken up with the question of the "need for balanced regional development" discussed by Political and Economic Planning (PEP), London.²¹ It should be pointed out that the items of inter-Imperial balancing have been overlooked by PEP. But they are too important to be ignored by economic statesmanship

The Repopulation Problem of the U.K.—Another recommendation for the strengthening of the British people with an

²¹ *Report on the Location of Industry* (London, March 1939), pp. 194-211

eye to the furtherance of the interests of the Empire economy should be the inauguration of the policy of repopulation. Depopulation by birth control has been systematically promoted in England Wales since the 80s of the last century—and especially since 1910.²² Family *mores* have got acculturated to the purely economic considerations of a higher standard of living. A child has thus been treated as an alternative to an automobile or summer excursion in a foreign country.

The crude birthrate of the U.K. declined from 24.1 per 1000 inhabitants in 1911-13 to 15.5 in 1939. During the same period the crude death rate declined from 14.2 to 12.1. The crude growth rate declined therefore from 9.9 to 3.4.²³

How serious the decline is can be understood somewhat more realistically from an examination of the net reproduction rate. This would give the number of girls born to 1000 women between 15 and 50 allowance being made for female deaths between those ages. In 1920-22 the net reproduction rate of the U.K. was 1.11. In 1935 it came down to 0.764 i.e. 764 per 1000. The rate rose to 0.782 or 782 per 1000 in 1937. It is to be understood that until the net reproduction rate is 1 i.e. 1000 per 1000 women of 15-50 (excluding deaths) the population cannot remain constant at the present level but bids fair to steadily go down in an absolute manner.

British statesmen cannot but feel convinced that this mischief

²² B. K. Sukai. Comparative Birth Death and Growth Rates with nine charts (*Journal of the Indian Medical Association* Calcutta May 1937) *The Sociology of Population* (Calcutta 1936) and *Villages and Towns as Social Patterns* (Calcutta 1941).

²³ *Statistique Annuelle de la Société des Nations* 1939-40 (Geneva 1940) pp. 37, 38, 44, 49.

has got to be counteracted. The United Kingdom cannot afford to continue this system of economics and family mortality. Her socio economic reconstruction will be called upon to assimilate the system of enlarged family if the British people, as the centre of an international system, chooses to compete efficiently in world-economy with the nations of 80 or 130 to 170 millions, i.e., with regions like Germany, the U.S.A., and Russia.

The large family movement has already been the topic of discussion in the U.K. for the last four or five years.²⁴ But it is questionable if the seriousness of the problem has yet been brought home to the generality of the population. Anti-birth control will have to replace the birth-control morality in a totalitarian manner. Besides, it is not enough to propagate the cult of the three-children family in the place of the existing two-children unit. Perhaps the four-children family should appear to be reasonable if one seriously considers the requirements of the new situation in the international *milieu*.

Like re-agricultivation and de-industrialization this four-children family is undoubtedly another unpalatable recipe for the British public to swallow even in the interest of Empire development. It is worth while to recall, however, that the birth rate among the English people was never less than 30 down to 1890. Between 1871 and 1880 it was as high as 35.5. The repopulation pro-

24 R. R. Kuczynski *Population Movements* (Oxford, 1936), D. V. Glass *The Struggle for Population* (Oxford, 1936), G. F. McLeary *The Menace of British Depopulation* (London 1937), T. H. Marshall, ed. *The Population Problem* (London 1938).

See also B. K. Sarkar *Pol. Phil.*, Vol. II, Part III (Calcutta 1942), Section on "Population Problems," pp. 173-203.

gramme for today is, then, primarily but a matter of the 'will to population'

I regret that from top to bottom my analysis of post-war world economy has been much too un-idealistic, matter-of-fact and prosaic. There is no romanticity or sentimental world-view in my figures or interpretations.

The Autarchies in Empire Development—The reconstruction of the Empire-economy as conceived in this study does not contemplate, be it repeated, an autarchy of the conventional sort, i.e., exclusion of imports from foreign countries. International trade is not being banned. The autarchies contemplated here are the *relative* autarchies of *each* of the Imperial regions. Some what larger doses of self-sufficiency in inter-Imperial relations are being recommended. It is a purely internal affair of the Empire and involves chiefly a rationalization of the British investments with regard to the diverse territories of the Empire.

A region like India for instance, has been financially struggling. This accounts for the backwardness and lags in India's industrial power. She is in need of much larger doses of British capital to co-operate with Indian capital than have been rendered available. (*Supra*, pp. 4-6)

Changes in the direction of enterprise between one Imperial region and another belong to this programme. It comprises transfer of certain activities from old to new centres overseas. Not the least important items are the redistributions of finance among the diverse zones of economic life in such a manner as to ensure comparatively uniform rates of business growth and expansion. Last but not least, the place of Indian emigrants and settlers in the British Colonies and Dominions would demand an equitable reconsideration. The complete freedom of

movement for Indians overseas throughout the British Empire and the right of "equal citizenship" are some of those questions on which Indians of all classes, politically minded or otherwise, are united beyond doubt (*Supra*, pp 222-224, 281, 308-309, 338-340, 345, 362, 425-426, 441-442, 460)²⁵

The promotion of the fitness and power of the Imperial units to help one another effectively is the fundamental objective of the autarchy, self-sufficiency or diversified development programme for the post-war Empire-economy or inter-Imperial economic structure²⁶

N B

The paper on "Post-war World-Economy" was published on 24 July 1941, i.e., about a month after Germany's attacks on Russia and nearly four months and a half before Japan's on the Eur-American empires in Asia. In ten months since then Germany has advanced extensively in Russia, and Japan in Asia. China has been encircled by Japan from the Burma side, and the Bay of Bengal has almost become a Japanese lake.

The situation on May 20, 1942 can be understood from Reuter's report²⁷ on the debate in the House of Commons. The former War-Secretary, Leslie Hore-Belisha said in part as follows: "China is now cut off from the aid of the United Nations. Japan has acquired the equipment of at least quarter of a million Allied soldiers and many ships have been lost. The challenge

²⁵ See *Pol. Phil.*, Vol II, Part III, pp 123-126, 198-200

²⁶ B. K. SIKHAR *Imperial Preference vis à vis World Economy* (Calcutta, 1934) pp 137-143

²⁷ *Hindustan Standard* (Calcutta, 21 May 1942)

has not diminished. We talk of a second front to help Russia but surely the Japanese can form a second front to embarrass Russia. We must realise we are not fighting Germany alone but a formidable Axis combination synchronising their efforts at important junctures of the war. We must meet unified strategy by a unified strategy of our own and that is not yet in good working order."

Hore-Belisha dealt with the lack of air support for the army, saying, "The Russians opened the Khaiklov offensive with a swarm of Stormavik dive-bombers. The Germans preceded the Keich onslaught with 2,000 Stukas. In the Far East a whole empire has been taken not by superfluity of armies but by modern tactics. Our armies have no such support."

According to Hore-Belisha General Alexander was one of the ablest generals in the British army, "but in Burma his men were short of food and water, their transport was destroyed, then ammunition dumps were blown up. They had been wading up to their necks through swamps harassed by serpents and mosquitoes and living on unripe limes picked from trees—because they had no adequate air support. This is not to be tolerated after three years of war."

Haden Guest (Labour) urged closer co-operation with the Dominions. "The opposition in Canada is a very difficult one and we want to have relations with it," he said. "We also want to have relations with the opposition in South Africa. We ought to cement still more firmly our relations with New Zealand."

In the judgment of Wedderburn (Conservative) "the hard truth is that if Russia is victorious it will be easy to recover that part of the empire we have lost, if Russia is defeated we may lose more of the empire and it may be 7 or 8 years before our final victory is achieved."

Shinwell winding up for Labour said "I believe Russia can defeat the Nazis without assistance, but surely it is desirable that we should participate in the victory. It calls for aggression on an overwhelming scale and at some stage we must be prepared to accept great risks. If we are not, it is possible that Russia might be defeated and if Russia is defeated I doubt whether the British empire will survive.

"In India the negotiations ended in failure. We are entitled to hear whether Government have set aside any possibility of resumption of negotiations or whether they are going to make another serious effort to bring the mass of Indians on our side."

As Leader of the Commons, Stafford Cripps replied and emphasized that members of the War Cabinet were conscious of the seriousness of the present situation. He observed as follows "Never before has the war been so far-flung. There is and can be no centralized command in a war which is being waged from Australia to the Arctic and throughout the breadth of the Pacific and Atlantic areas.

"The Germans and Italians in Europe have interior lines of communication and can rapidly move their forces from one front to another, whereas we have always to move round the periphery.

"The Japanese holding temporarily the control of the Pacific, have the advantage of the internal sea-lanes. This has enabled them rapidly to concentrate forces wherever they wish to strike and rendered it extremely difficult for the Commander-in-Chief on the spot to foretell where any blow is likely to fall and concentrate his forces rapidly there. Under these circumstances it is indeed surprising that worse results have not ensued."

Dealing with the reverses in the Pacific area Cripps pointed out that reverses on the battle-fields were not always the

result of negligence or stupidity. They might be because the enemy in a particular locality was stronger than they were and yet it might be necessary to fight that enemy with a view to delaying his armies or for other reasons.

These are the interpretations on the military and diplomatic situation offered by British publicists and statesmen. In my reading, purely non-political and non-partisan as it is, the strategic position continues still to be more favourable to the Anglo-American empires than to their enemies. A decisive victory on either side may not be the final verdict of the operations. The world is likely to witness a stalemate or draw. The re-drawing of frontiers on the political map as well as the re-grouping of peoples in Europe, Asia, Africa, nay, America will not, however, be plain sailing (*Supra*, pp. 423, 469, 482-483, 491-495, 499-500). The luxury of each and every language constituting the basis of an independent "nation"-state on the Herder-Fichteian basis will have to be abandoned everywhere.²⁸ The so-called nationality principle is superannuated.

But, on the whole, it is hardly possible for me to make any changes in the economic ideology as adumbrated in the above paper. My fundamental position has been stated on pp. 513-516, 518-521. It may be summarized in the following observations.

In the first place, no revolutionary changes in the *directions of trade* are to be expected in post-war years. Secondly, in spite of pious wishes regarding all-world movements in currency, tariff, trade etc. the two hemispheres will continue to be the theatre of a large number of partial or regional world-

²⁸ *Pol. Phil.*, Vol. II Part I, (1942) pp. 286-293, and *Politics of Boundaries* (1926, 1938), ch. I.

economies. The "seven internationalisms" bid fair to set the tone of the *Gestalt* in industry, agriculture, trade and transportation. Be it emphasized, however, at once that no hermetically sealed or closed economy is likely to be represented by these regionalized international systems. Mutual intercourse between the different systems or spheres will remain a normal phenomenon.

A few more fundamentals may be indicated here in elucidation of the above position.

In the first place, extensive regions constituting the major portion of the two hemispheres are in technocratically undeveloped, semi-developed and underdeveloped conditions. The Balkan and Baltic Complexes, Eastern Europe (Russia), Spain-Portugal, virtually the whole of Africa, large sections of Latin America, China and India, parts of Japan and the rest of Asia belong to this category. The primitive and agricultural character of these areas is a fundamental fact of world-economy and it is not going to disappear during the next decades in spite of industrialization, mechanization and other modernization consummated everywhere in doses as a result of World-War II. It is impossible to prevent them from being utilized or exploited by the industrial-technocratic-financial zones as their "economic colonies." This utilization or exploitation by finance-capitalistic agencies, be it added *en passant*, is the chief, if not virtually the only, means of the raising of the standard of living of the primitive areas and their general elevation in the economic sphere. This is often a regrettable fact but must be faced by the scientific student of economics as well as the economic statesman.

Secondly, the tendency of every finance-capitalistic zone to build up its own internationalism or partial world-economy more

or less on the lines of an economic Monroe Doctrine by utilizing one or other of the primitive areas is to be visualized as an inevitable factor in the post-war world-economy, say, from 1945 to 1965. Even Americans²⁹ are no less fond of their "possessions" than the English people of their British "Commonwealth," the French "metropolitans" of their *France coloniale*, the Germans of their *europäische Neuordnung*, and the Japanese of their "co-prosperity sphere." Most of them are camouflages but they all effectively describe the obstinate realities of the economic-political pattern. The age of empires,—economic as well as political,—is not yet gone. Nay, it is being intensified with vengeance. It would be unthinking and unscientific idealism to be blind to the *Realpolitik* of imperialism and colonialism.

Finally, the experiments and achievements of Soviet Russia in and through the three five year plans (1928-1942) are appreciated by all primitive, agrarian and half-developed peoples as eye-openers and path-finders for them. But these peoples as well as the admirers of Soviet Russia in well-developed, nay hyperdeveloped nations ignore the consideration that the phenomenal expansion of Russia in industry, technocracy, and general culture is based essentially on the finance of state capitalism.³⁰ It is because of the annihilation of private capital, private savings,

29 See the section on 'Products of Our New Possessions' in W. W. Jennings, *History of Economic Progress in the United States* (London, 1925), pp. 589-592.

30 B. K. Sarkar, *Villages and Towns as Social Patterns* (Calcutta, 1941). Sections on "The Achievements of Non-Competitive Economy", pp. 579-582, "The Theory of Communistic Economics", pp. 582-586, "The Political and Social Revolutions", pp. 589-595, and "The Annihilation of Freedom", pp. 608-613.

private profits etc and the totalitarian accumulation (concentration) of all the economic resources of the entire population in the hands of the Government that the extraordinary progress of Russia could be consummated. But that is a function of the thorough-going revolution,—annihilation (not only legal and political but also physical extermination) of the bourgeoisie, aristocracy and feudalism,—associated with the dog days of 1917-22 under the regime of Lenin and his despotocracy. Obviously, it is hardly possible for any and every people, primitive or advanced, to embark upon this kind of totalitarian bolshevistic revolution—liquidation of private capital and private capitalists—in order to pave the way for state-capitalism that we see in Russia today. The mystery or secret of Soviet Russia must not be overlooked by the economic theorist or political planner.

Soviet Russia cannot in the main be depended upon as furnishing an example to the poor and partah of the two hemispheres. The world-economy is likely to proceed haltingly and limpingly more or less on traditional, *laissez faire*, and non-communistic, *although somewhat state-socialistic*, and nationalistic channels. The Russian revolution cannot be standardized for and utilized by all and sundry in Asia and Africa or Eur-America as a universal panacea of mankind.

Moreover, even within the boundaries of Russia the Russian patent has already got acculturated to many non-communistic and bourgeois or traditional traits.³¹ In the psycho-social *Gestalt* of interhuman relations it is chiefly as short-period phenomena that revolutions are effective forces. They get quickly toned down to

31 *Pol Phil*, Vol II, Part I (1942), Section on "Transformations of Communism under Stalin as the Manager of Leninism No II", pp. 38-49, 85-87

the prevailing *milieu*. Some sort of a mutual acculturation takes place between the revolution and the *status quo*. The post-war economy (c. 1945-65) that is to emerge will be but another specimen of such mutual acculturations between the existing regime and the eventual revolutionary forces or processes,—if any happen to be generated towards the end of the war,—in the economic, social, political and international order. A world-epoch of Leninistic communism—spread over a rather long period,—cannot belong to scientific and realistic thinking in economics.

Revolutions are by all means necessary. But in economic life as in political their rôle is limited. This is how we encounter today neo-socialism, neo capitalism, neo democracy and neo-despotocracy as the latest phases of economico-political compromise.³²

22 May 1942

³² *Pol Phil* Vol II Part I (1942), pp 36 37, 49 58, 72

INDEX I

PERSONS

A

Acerbo 12
 Adrikai B N 65 106 207
 Adrikai B P 65 106 107 108
 Addison 416 417 430 (101d
 Wedgwood for this name)
 Agarwal R M 100
 Aguirido 498
 Akbar 500
 Alexander 500
 Alexander (General) 536
 Ali (Rishid) 393 410 467
 Amanulla 410
 Ames L S 363 439
 Anstey V 71
 Antonius G 331 393 411
 Araki 416 417
 Aristotle 253
 Aurobindo (Ghosh) 141
 Azad A K 433 442 444

B

Bagdadi Y 330 331
 Balfour 111
 Banerjee S 168
 Barker E 395 398 410 457 471
 Bainby 306
 Barnes H 41 85 87 122 287
 288 313 457 471

Bathou 195 198
 Birtlett V 106 07
 Bister A S J 113
 Budin L 95 96
 Bevebrook 18 19 424 426
 Beck J 334 336
 Becker H 457
 Bedi B P L 7
 Bedi F M 71
 Benes E 194 199
 Bentwich N 347
 Beveridge W 38
 Bevin E 218
 Bismarck 43 64 199 413
 Boris 457
 Boggeri M L 79
 Bonnet G 132
 Boichard 222
 Bons 337
 Bortolotto S 140 141
 Bose K 89
 Bose N 89
 Bose R B 356 359
 Bose (Subhas) 358 413 445 147
 467
 Bose S M 87 88
 Bottu G 140 143
 Boucke 80
 Bowley A L 18 19 510

Burlsford 457

Brandt K 704 206

Brand 420

Brutzhus 84

Burgdorfer F 199

Burns D 457

Butler H 138 140

C

Carnegie 393

Catal 336

Cassell G 76

Cattin G 774 - 5

Cizick V 347

Chamberlain 324 363 366

Chandrasekhar V 475

Chase S 413 414

Chevalier 47

Chung Kishid 348 352 368
386 466

Chichibu 306

Churchill W S 363 403 406
420 423

Chplum J H 5 8

Clavery E 184

Clive 475

Cobden 42

Cochran M A 787

Coker 457

Colson 67

Condoune Kizicki 84

Carnboine 402 403

Cripps S 401 402 1 8 137
441 444 466 475 537

Curzon 475

D

Dladier 334 379 381

D Albergio E 167

Dante 253

Dure 407 408

Drs R K 114 162

Dis T N 275 317 315 137
472

Diss B 187

Ditt A B 167

Ditt B 155 156

Dives 221

Ds S K 29 30 69 167

Dcb S S 88

Dchist 19 92

De Stefan A 184 186 457

Devilce 134

Dewey J 457

Dey H L 64 65 106 206

Dickinson H D 161

Djoyodhinigiri R M A 369

Dobbert 57

Dutch O 217 218

Dutch Q 217 218

Dutt S C 20 22 27 79 39 63
69 167 168

Dutt S N 708 210

E

Eistman 457

Eden A 401 402

Edison 253

Einstan 253

Einzig P 406 521

Emerson R 333

Ennis, T. E., 360, 497
Epstein, A., 65

F

Fain, G., 150
Fay, S. B., 288
Ferdinand, 337
Ferras, G., 143
Fichte, 122, 204, 241, 321, 519,
538
Fischer, 44
Folks, 65
Franco, 310, 319, 357, 358, 366
Frank, 376
Frauendorfer, M., 80, 119
Frédéric, 423
Fribourg, A., 353
Fumasoni-Biondi, 307
Furtwängler, 22-25

G

Gandhi, M. K., 348-349, 409,
439, 449-450
Gaspais, A., 307
Gayn, M. J., 245, 394-395
Gerig, B., 244, 393-394
Gettell, 457
Ghosh (Aurobindo), 241
Ghosh R. C., 410
Ghosh, R. N., 110-112
Ghoshal, S. K., 167
Gide, C., 43-44, 132
Giri, C., 308-309
Glass, D. V., 199, 533
Göbbels, 404, 408

Goethe, 253
Goetz, 457
Goldenweiser, 457
Gooch, G. P., 288
Göring, H., 119-121, 407, 408
Grabowsky, 255
Graziadei, A., 207
Gregg, R., 21
Gritzbach, E., 119
Griziotti, B., 79
Grotius, 244, 421
Guest, H., 536
Guillebaud, C. W., 199-200, 406,
521
Gupta, H., 89

H

Hacault, R., 150
Hallet, M., 428
Hankins, 457
Harmsen, 12
Hashimi, T., 393
Hass, W., 76
Hassinger, 301
Haushofer, K., 255-256, 282-285,
300-303, 457
Hegel, 1
Herder, 241, 538
Hesch, 283
Heyking, 264-265
Hideyoshi, 500
Hill, C., 273-275
Hishida, S., 387
Hitler, 119, 288-293, 309, 319,
337, 342, 352, 353, 394, 398-

- 403, 406, 412, 413, 414-419,
422, 441, 447-448, 453, 495,
521
Hobhouse, 457
Hobson, J. A., 200, 333
Hocking, W. E., 268-272, 393,
457
Homan, P. T., 315, 342, 457
Hoover, 6, 222, 229, 275
Hore-Belisha, L., 535, 536
Horsfall, P., 382, 522
Horowitz, 22
Hubbard, L. E., 105-106
Hubert, R.,
Huber, R., 330, 411
Hull, C., 75

I

- Ickes, H., 107-110
Ireland, P. W., 330, 393, 410
Ishimaru, T., 221, 245, 388, 594
Ishiyama, K., 96

J

- Jamaluddin, 410
Jellinek, 226
Jennings, W. W., 503, 515, 529,
540
Jenny, F., 183, 184, 186
Jinnah, 437
Joelson, F. S., 363

K

- Kaiya, K., 417-418
Kale, V. G., 72

- Kant, 271
Kapoor, J., 153-155
Karve, D. G., 26
Kautalya, 240, 303, 316, 392, 419
Kawakami, K., 333
Keeton, 262-268
Kellogg, 222, 420
Kelsen, 226
Kemal, 284, 332, 465
Keynes, J. M., 80, 98-99, 126,
153-156, 160, 198, 309, 319-321,
363, 519
Keyserlingk, 283
Kjellen, 282, 300-302
Klotzel, 26
Kohn, H., 318-319, 380, 457, 470
Konoye, 386, 417

- Korherr, 113
Kossuth, 241
Kraus, 225-228
Kuczynski, R. R., 105, 113, 533

L

- Lambert, M., 149, 150
Lasbax, E., 285
Laski, 457
Lautensach, 255
Law, N. N., 89
Lawley, F. E., 70
Lecarpentier, 66-67
Le Clair, J. C., 360-362, 457
Lederer, E., 143
Lenin, 41, 57, 374, 377-379, 390,
410, 457, 465, 541, 542
Lescure, J., 168

Lcy 212
 Leydei 255
 Linlithgow 427 428
 Lippmann W 439 457
 Litvinov 276 277
 Loeb 120 121
 Loebis P 389
 Lohse 12
 Loknathan P S 70
 Lowie 457
 Lundbeig F 149
 Lytton 272

M

Mac Aithui 498
 Mac Govern 404 406
 Machiaveli 348
 Madan B K 160 161
 Magyary Z 159
 Maini A N 73 74
 Malik S 88
 Maiconi 253
 Marescalchi A 110 502
 Marshall T H 533
 Marx 124 207 516
 Masaryk 241
 Masson Oursel 457
 Matsuoka 386
 Miuco 278 280
 Maull 255 283 301
 Maunier R 406 457
 Mizzini 241
 McLery G F 203 533
 Meade J E 178 179
 Mehta G V 209 210

Manon C N 362
 Martiam 457
 Meyer J J 457
 Milne Bailey W 39
 Milton 253
 Mirabeau 150
 Mireaux E 151
 Mirkine Guetzevitch 254
 Moewallidi S 282
 Molotov 135 276 277 372 376
 377 398 401
 Monioe 222 236 259 305 314
 315 318 319 322 362 364
 369 385 386 387 410 412
 424 425 449 456 485 497
 519 540
 Moon P T 86 333 385 457
 471
 Mortais G 110
 Moulik M 124
 Mourie B 151
 Mufu 410 467
 Mukerjee R K 63 73 75 224
 308 309
 Mukherjee P K 37 64 113 114
 167
 Mussolini 9 12 64 124 140 319
 327 328 394

N

Napoleon 302 408 421 486
 488 492 500
 Narin B 72 73
 Neating 457

Nehru, J L, 357, 359, 384-385,
433-437, 444-447

Nehru, M L, 225

Nietzsche, 236

Niemeyer, 74

Nitti, F, 502

Niyogi, J P, 27

Nobel, 25-26

Noguchi, Y, 348 352

Nozaki, R, 328-330

O

Oberhummer, 283

Obst, 255, 301

Oehler, 255

Okakura, 253

Okuma, 89

Osborne, S, 377-379

P

Pajano, 12

Pant, G B, 428

Papi, 9

Parmelee, 457

Pasteur, 253

Pavie, A, 55

Pearl, R, 113

Peitch, J, 323-324

Pestalozzi, 26

Pigou, A C, 61-62, 99, 124-126,
166

Pillai, P P, 72

Pilsudski, 335, 336

Piver, 457

Pirou, 146, 502

Plattai, A, 186

Ponsonby, A, 287

Poole, K E, 163

Piasad (Rajendia), 382-383, 428

Q

Quisling, 497

R

Rabindranath (Tagore), 245-254,

349 352

Radice, E A, 164-166

Rai, L, 437, 464

Raj, D, 387

Ramakrishna, 168, 323

Rao, T S, 151-153

Rao, V K R V, 179

Rashid Ali, 393, 410, 467

Ratzel, F, 300

Rau, B R, 73, 74

Razous, P, 150

Reithungei, A, 20, 91 92, 498, 472

Reynaud, 383

Reza (Riza) Shah, 322, 410, 466

Ricardo, 200, 207

Richardson, J H, 203, 528

Risler, A, 150

Rist, 146, 502

Robbins, L, 310-312, 386, 522

Robequain, C, 497

Roosevelt, F, 61, 107, 149-151,
275, 388, 403, 406

Roosevelt, T, 315

Rowlatt, 464

Ruhle, G, 303, 319

Rydz-Smigly, 336

S

- Sunudigupta 500
 Samuel 402
 Sanyasi B D 362
 Sappei 283
 Sapru T B 223
 Sarinas P 171 174
 Saikru B K 1 8 13 27 30 37
 39 44 52 60 69 89 92 112
 114 118 123 146 186 203
 210 220 221 229 245 256
 309 332 340 357 372 406
 428 450 456 485 501 538
 Satvukru V 359 360
 Saw U 409 498
 Scaifoglio C 366
 Schacht 80 121 123 407 408
 Schmidt Rohr 283
 Schrader 22
 Schrepfer 255
 Schumpeter L B 194 198
 Seldte F 79 119 199
 Sen K N 69 161 162
 Sen S 64 129 131
 Sen Gupta J N 89
 Serpieri 12
 Shah K T 73
 Secley 366 419
 Seton Watson R W 363
 Shrivani K T 420 421✓
 Shunwell 537
 Shotwell J T 393
 Siebert L 80 119
 Simon J 126
 Simovitch 400
 Singu H W 174 175
 Singh A 364 366
 Singh G N 464
 Sinha B C 119 220
 Smith A 38 200
 Smuts 441 442
 Socioso R P 389
 Somadevi 285
 Sorokin P 457
 Spengler O 457
 Stolin 135 175 334 354 374
 390 411 412 453 455 541
 Strude 255 307
 Stevens P 394 414 419
 Stewart T 427 428
 Stuet C 381
 Sundaram L 281
 Sundelson J W 79
 Sur A 89
 Surinoy Unger T 38 39

T

- Taft 315
 Tagore (Rabi) 145 254 349-352
 Tanaka 245 394 415 420
 Tang Shao yi 266
 Tani 139
 Tchutchern 276
 Temperley 288
 Thakurdas P 214 215
 Thomas P J 171
 Thurnwald R 342
 Tinbergen 159
 Tivaroni J 80
 Tojo H 386 418 440 498 499

Townsend, M, 342
 Toynbee, A J, 315 316 457
 Triamples, 255
 Truchy, H, 67, 76, 186
 Tryptil, R J 135
 Tucci, 457
 Twist, J V 72

V

Vakil, C N, 42
 Van Vlieten, 255
 Vernier, B, 331, 411
 Vico, 270
 Visvesvataya, M, 68 70
 Viton, 437
 Vivekananda 167 168, 258
 von Caucig 322
 von Clausewitz, 487
 von Glasenapp, 457
 von Hayek, F A, 81, 126
 von Ribbentrop, 398 401

W

Wigmann, E 7
 Wagenfuhr, 30 44
 Waiz, S A, 222
 Wallis, 457
 Wang, T C, 416

Washington G, 256 260
 Webb, B, 207
 Webb, S, 160 207
 Webster, D E 411
 Wedderburn 536
 Wedgwood, 427 430 (read this
 name for Addison)
 Weith A, 379
 Wiedenfeld, 283
 Williams, J F 381
 Wilson, W, 287, 404
 Wise, E F, 42
 Wiskemann E 80 123
 Withers, H 160
 Woytinsky, W 20 44 92 143
 Wright, C M, 156-159 168 171
 Wright, Q 421
 Wust, 283 284

Y

Yagi, Y, 369 372
 Young, 221

Z

Zahn, F, 199
 Zimmern, A, 72
 Znaniecki, 52

INDEX II

REGIONS AND RACES

A

Abyssinia (Ethiopia) 110, 183, 299-300, 304, 315 319 353
 355 368 488
 Aden, 331
 Adriatic 182, 337
 Aegean 4, 316, 338
 Afghanistan 4 280 322 410
 423 465, 466 484 492

Africa 24 40 45 87 181 187
191 222 223 228 233 237
238 25 304 305 308 309 318
319 339 340 344 356 362
363 38 406 419 441 442
450 451 465 470 487 489
492 497 537 538 541

Ahmedabad 23 281

Akyab 445

Alaska 4

Albania 224

Algeria 383

America 1 6 7 19 24 27 37
42 45 47 49 50 56 60 61
65 69 70 75 76 80 85 87
91 95 101 102 107 110 113
122 124 138 143 149 151 153
167 163 171 175 178 180
194 198 206 221 222 226
228 229 233 255 256 261
267 27 275 285 287 293
308 309 312 315 323 324 333
347 346 364 366 369 381
385 388 393 394 405 412 414
420 473 437 440 456 485 499
501 505 517 519 527 529
533 538

Amur 385

Andamans 469

Ankari 236 40 381

Annam 360

Arabia 40 305 310 322 330

332 339 340 379 470

Arctic Ocean 398 423 497 537

Argentina 45 56 292

Arizona 85

Asia 3 4 75 37 40 65 87 91
138 140 179 191 2 4 8 9
233 36 238 245 255 259
81 285 86 305 308 309
31 315 318 319 326 331 332
340 342 348 356 361 364 369
361 385 386 393 406 408
410 412 415 419 425 440
451 456 485 492 500 535 541

Asia Minor 87 319 415

Assam (India) 468 490 49

Astrakhan 454

Australia 56 179 191 194 223
347 347 416 419 427 442
516 537

Austria 19 38 44 45 46 47 288
91 295 298 301 309 318
334 336 338 353 399

Atlantic 57 61 403 406 421
473 487 489 493 537

Azov 451

B

Bahia 331

Baku 454

Balkan 4 20 7 49 57 55 224
234 255 259 297 294 299
309 317 336 338 379 389 393
399 406 408 4 3 3 539

Belut 4 34 255 297 309
316 333 338 379 390 539

Bengalore 566

Bassett 468

Batavia 236 281

Bavaria 291

Cutiacl 445
Czechoslovakia 19 38 45 46 48
90 91 206 215 233 275 294
299 308 309 316 318 335
338 352 357 382 383 406
437 471

D

Dalir 182
Danube 57 317 407
Danzig 335 376 377
Dardanelles 385 399
Delhi 23 214 418 431 435 445
Denmark 20 38 45 46 156 159
168 171 206 115 382 487
Durbun 182 362

E

East Africa 181 304
East Asia 245 385 386 389 417
418 448 467 499
Egypt 4 57 269 270 331 484
487
England 4 6 19 24 27 28 36
39 42 45 48 49 50 60 61
61 70 73 75 80 94 99 104
105 110 114 116 122 124
118 135 138 143 153 156
160 166 168 171 174 175 178
179 183 184 190 198 100
203 206 210 215 217 228
260-268 275 186 288 294 299
301 303 304 309 315 319-321
338 340 342 347 357 363

366 368 370 376 380 381 388
395 398 401 403 421 450 454
456 471 485 500 503 516
518 521 541

Estonia 45 291 334

Ethiopia (Abyssinia) 110 9

300 319 324 337 349 357

Europe 1 6 19-20 24 44 46

47 57 61 91 92 139 146

153 204 206 228 229 233

236 237 241 255 259 269

280 284 295 297 309 318

319 323 314 342 353 354 357

369 371 381 382 384 399

406 408 412 432 447 418

450 456 485 489 511

F

Faizpur 30

Far East 311 315 3-3 351 365

405 489

Finland 4 45 76 205 216 29-

381 390 400 451 469

Formosa 161 415

France 4 5 19 20 30 37 40 43

45 46 48 49 55 57 61 65 66

69 76 88 95 101 121 124

131 135 143 145 146 149 151

162 168 183 184 186 204

206 215 221 222 261 275

277 281 188 193 199 301

303 304 309 316 331 33

334 336 353 355 360-36 364

366 372 376 379 381 384

412 440 461 473 471 183

487 494 495 497 505 508
 514 517 518 527 530 539
 Fukien 361

G

Geneva 229 244 256 275 295
 298 326 338 377 495

Genoa 276 277 374

Germany 4 6 7 19 22 27 30
 36 37 40 42 46 48 50 60
 61 64 70 76 79-81 91 97
 95, 99-104 118 124 128 129
 143 146 147 152 167 163
 174 175 185 186 198 200 204
 206 210 216 218 220 221
 225 229 254 256 264 265 272
 277 282 304 308 310 315
 318 321 323-324 327 328
 331 338 342 353 356-360
 372 381 384 386 389-393
 398 403, 406 408 411 413 447
 448 450 456 461 469 472
 473 483 485 500 507 508 514
 517 519 521 527 530 533
 535 537

Gibraltar 182

Gorki 454

Greece 208 216 224 255 293
 337 381 406 465 523

Guinea 223

Gujarat 72

H

Hainan 360 361

Haiti 86

Hankow 350

Hawaii 87 419 420 467 496

Hedjaz 4

Holland 20 36 45 46 48 61

72 95 159 205 206 215 225

281 282 305 308 361 38

383 388 389 422 444 5

466 468 473 474 487 499

Honduras 87

Hongkong 267 312 361 419

420 467

Hungary 20 38 39 44 45 46

47 61 159 215 291 29 296

309 318 319 337 338 353

366 406 471

I

India 1 6 13 19 20 27 29 37

38 47 43 47 57 60 61 75

87 90 92 95 101 103 106

110 114 118 123 124 129

131 138 146 148 151 156 158

167 167 168 171 179 184

186 194 200 203 204 207

210 214 262, 281 286 287

303 308 309 312 315 324

325 338 342 348 352 356

360 362 364 366 384 385

413 425 427 450 464 468

474 475 484 490 497 499

512 516 517 524 527 530 531

534 535

Indo China 4 138 261 281 282

317 332 360 362 383 406

416 467 473 475 484 496
497
Indonesia 4 24 36 45 64 138
214 281 297 305 319 332
333 388 389 417 4-2 424
475 466 468 470 473 484 497
Iran (Persia) 4 64 148 149 319
321 323 410 423 465 466
484 488 492 493
Iraq 4 322 330 332 379 375
410 467 470 473 484 488
Italy 7 13 30 40 45 48 49
61 64 70 76 79 81 101 104
110 140 143 146 147 152
162 179 183 184 186 204
205 207 215 221 261 275
280 292 294 295 296 299
302 308 310 315 327 328
331 332 349 354 360 363
366 380 386 401 488 489
517 519 527 530 537

J

Japan 223
Jordan 4 24 79 30 38 40 43
45 50 60 61 65 70 72 87
90 96 98 116 118 138 139
143 145 147 151 152 171
174 179 194 198 204 214
221 228 229 236 244 245
254 261 267 269 272 281
282 285 286 288 292 294
300 302 304 308 310 312
315 319 326 328 330 340
342 344 348 352 354 360

360 372 380 386 387 394
397 403 413 420 414 425
440 447 456 485 490 500 508
510 517 519 520 5-7 530
540
Java (Indonesia) 4 36 281 292
305 383 389 406 468 484
Jerusalem 410 467
Jews 331 347
Jugoslavia 38 45 46 215 224
275 323 324 336 338 400
487

K

Keich 450 485 491 536
Kazan 454
Kenya 223
Kharkov 451 536
Kobe 282
Korea 261 291 315 332 415
441 466 470 500
Kwangsi 360 361
Kwangtung 360 361
Kwantung 340 342

L

Lidoga 451 490
Latin America 4 27 86 255 417
413 471 523 539
Latvia 45 292 334
Lausanne 229 465
Leningrad 413 451 490
Libeia 307
Libya 487
Lithuania 45 292 307 334

Locarno, 334
 London, 104, 275, 487
 Lorraine, 279-280
 Lucknow, 130
 Lukouchiao, 245
 Luxemburg, 45, 48

M

Madras, 23, 281, 286-287, 440, 468
 Magyars, 352
 Malaya, 44, 138, 214, 215, 223,
 281, 286-287, 333, 419-420,
 422, 426, 432, 448-449, 467,
 470, 496
 Malda, 123
 Manchuria (Manchoukuo), 144
 195, 228-229, 244-245, 254,
 273-275, 292, 299, 306-308,
 313, 315, 316, 319, 330, 332,
 333, 340-342, 361, 366, 369-
 372, 386, 414, 415-419, 441,
 466, 470
 Mandalay, 445
 Manila, 236, 419, 467, 469, 498
 Manipur, 490
 Marseilles, 280
 Marwari, 60
 Mauritius, 223
 Mediterranean, 180, 182, 191,
 279, 363, 380, 406, 489
 Memel, 335
 Mesopotamia, 87,
 Mexico, 4, 86, 471
 Middle East, 363
 Mohenjodaro, 187

Mongolia, 245, 308, 313, 361,
 415-419
 Morocco, 292, 333
 Moscow, 84 85, 206, 240, 434,
 450, 451, 454
 Mukden, 244-245
 Munich, 351-356, 363

N

Nagasaki, 465
 Nagoya, 34
 Nanking, 236, 466, 467
 Natal, 224, 362
 Near East, 255, 269, 318-319,
 322, 332
 Negro, 292
 Nepal, 307
 Netherlands (Holland), 95, 424
 New Guinea, 344
 New York, 175-178
 New Zealand, 171, 223, 344, 416,
 419, 442, 516, 536
 Nicaragua, 87
 North China, 143-145, 363-364,
 371-372
 Norway, 20, 45, 46, 205, 206,
 334, 382, 487

O

Odessa, 466
 Osaka, 33, 88, 143
 Ottawa, 42, 72, 75, 160, 347, 396

P

Pacific, 24, 37, 255, 305, 319,

333 355 394 395 4 0 422
423 489 493 497 498 537

Palestine 4 310 322 330 332
410 470 473 484

Panama 4 87 471

Paris 267 273

Peiping 467

Peisia (Iran) 4

Peisian Gulf 191 331 454

Peru 157

Philippines 4 87 226 261 305

332 417 419 4 0 439 467

468 470 473 475 484 498

Poland 20 45 46 48 52 55 205

206 215 233 -99 308 316

318 333 336 352 373 376

383 389 393 406 437 469 471

487

Port Arthur 464

Porto Rico 226

Po tsmouth 307

Portugal 4 20 205 255 292 539

Prussia 353

Punjab (India) 261 262 484

R

Rangoon 467 468

Ripallo 378 391

Rhineland 309 315 353

Rome 296 300 316 319 378

342 353 380

Rumunia 38 45 46 215 221

275 316 334 335 338 381

389 393 401 403 406

Russia 4 20 27 39 40 42 47

54 57 59 60 70 76 81 85

96 97 99 104 105 106 119

12- 1-3 125 1-6 135 138 146

161 204 206 207 215 216

228 242 245 254 259 275

277 286 288 289 -93 94 299

301 305 308 309 310 312

313 316 326 328 330 333 336

353 372 381 384 389 393

398 403 411 414 450 456 461

465 470 475 482 483 488

490 492 493 497 517 519

527 529 530 533 535 541

Ruthenian 352

S

Saar 48 49 294 353

Salvador 87 307 471

Samoa 344

Santo Domingo 87 307

Saudi Arabia 322 330 332 470

Scandinavia 523

Scibia 288

Sevastopol 451

Sevies 287 465

Shanghai 467

Shantung 313

Shunonostki 365

Siam (Thailand) 4 171 174 269

281 332 360 400 466 468 484

496

Siberia 416

Singapore 215 361 406 468 496

498

Slav 451

Slovak 215 352 406 437
 Smolensk 451
 Sourabaya 361 469 496
 South Africa 24 45 179 191
 194 223 305 344 345 362
 382 419 441 442 493 516
 517 536
 South America 76 180 181 182
 293
 South Seas 245
 Spain 20 45 205 206 216 255
 292 293 310 319 357 358
 366 539
 Sudetenland 352 353 356 357
 Suez 487
 Sumatra (Indonesia) 4 281 305
 389 468 484
 Sweden 20 45 47 61 76 205
 215 300 334 487
 Switzerland 19 45 61 76 95
 205 215 221 229 230 324
 Syria 4 272 322 330 332 383
 466 470 473 488

T

Taganrog 451 490
 Teheran 236 321
 Teuton 452
 Thailand (Siam) 171 174 360
 420 466 468 484 496
 Tiber 312 492
 Tientsin 266 367 467
 Tokyo 4 31 366 369 386 466
 Transjordan 322 331 332
 Transvaal 224

Toungoo 445
 Trincomalee 445
 Trinidad 223
 Tsushima 464
 Turkey 4 45 224 278 269 305
 307 309 319 322 332 379
 381 385 399 403 410 423
 425 464 470 473 476 478
 481 484

U

Ukraine 335
 Urals 390 488
 Uruguay 44

V

Veisailles 221 229 232 267 287
 288 294 300 303 304 309
 351 353 356 363 365 375
 377 379 391 495
 Vienna 292
 Virgin Islands 87
 Vizagapatam 208 210 440 445
 468 526
 Volga 454

W

Warsaw 53
 Washington 267 268 365
 West Africa 45

Y

Yangtze Valley 312
 Yemen 331 484
 Yunnan 312 360 361 468

Z

Zanzibar 338 340 362

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Professor Bougle (Paris) A survey very well made and calculated to render the greatest service.

Professor Ernest Barker (Cambridge late of Oxford and London)

I look forward to using it in my reading and my lectures at Cambridge. Professor Furlie (U.S.A.) and I agreed that the book would be of genuine service to students in directing their attention to the scope of literature in our subject during the last quarter of a century.

I have been using your work. I have found it singularly useful. What amazes me is the way in which you have kept abreast of all the most recent literature and sought to master its contents. You have put all who are interested in political philosophy under a great debt and I am glad to acknowledge myself as I do most sincerely your grateful debtor.

Zeitschrift fuer Geopolitik (Berlin) This work is surely to be appreciated by many because of its excellent review of Young Asia's intellectual life and its interpretations of Western political philosophy.

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The Political Institutions and Theories of the Hindus

Journal of the Royal Asiatic Society (London) This book is a study in comparative Hindu political constitutions and concepts He seeks to give a readable account and this he has done with frequent allusions and much elegant writing (Prof Rapson)

Scientia (Milan) In this work S studies comparative politics He has lived long enough in foreign countries to be able to examine the ideas of his race in the light of those of other civilisations It is therefore from a standpoint similar to that of the Westerners that he studies the classics of Hindu politics His work is therefore all the more easily assimilable
A work like this is welcome

because it reveals those aspects of Indian life which are little known to us, even those aspects which most resemble our own social tendencies (Prof. Masson-Ousef)

Frankfurter Zeitung 'Of a still more general interest is the work of BKS because the author has not only, as translator of *Sukraniti* from Sanskrit into English, furnished evidence of his knowledge of the special field of Hindu politics but is also a scholar of universal equipment and has made himself well versed in the European literature of constitutional law and political science so that he is in a position to examine the Indian theories of politics from a higher watch-tower. His extensive knowledge of the European culture-languages has enabled him, besides to deliver lectures on Hindu political institutions and theories in English in the U.S.A., in French at Paris, and in German in Berlin" (Prof. Jolly)

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Welfare (1932) These texts solid and heavy in sense exhibit the spirit of the author and help us as a conductor through the book. This is perhaps the most important work of B K Sarkar. Attention may be drawn to the special features. The author has presented an admirable explanation of the relations often so mysterious for us between the classical philosophy of India and the problems of the modern society. We should simply observe that if the Westerners wish to understand best the thought of modern India in sociology it is absolutely impossible to pass this work by. We wish to add also that if the author pronounced so comfortably in the social history of some five millenniums he does it in the full consciousness of all the most modern doctrines of the Occident and elsewhere. Let us hope that translations into French, German and Italian will soon bring this monumental volume of capital importance to the knowledge of those who cannot read it in English. (Monsieur Jean Herbert translator of the works of Rama Krishna Vivekananda and editor of the *Great Spiritual Masters of Contemporary India Series* in French)

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An important contribution to our knowledge of India

Imperial Preference vis à vis World Economy

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Amrita Bazar Patrika (Calcutta) In this well documented and graphically illustrated monograph the eminent Professor of the Calcutta University with his characteristic erudition and level headed judgment makes a thorough and analytical study of India's foreign trade.

Journal of the Royal Institute of International Affairs (London)

An ambitious attempt to elucidate the present chaotic condition of international economic relations and to show the directions along which in his opinion these are developing. The chapters are valuable.

Economic Development

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teristic viewpoint which readers and critics cannot ignore even when they do not agree with him. He has succeeded in writing a heartening book, one which will tend to make his readers as optimistic as he."

Geopolitik (Heidelberg) "The tremendous value of this work for Indian cultural policy is unmistakable. So forcibly does it open up the entirety of India's creative power and achievements before the educated world-forum that it is impossible for anybody to overlook it. *Creative India* is convincing, it is based on golden foundations. Benoy Kumar Sarkar has, in addition to his other activities full of overpowering capacity, twice had the good luck to render the best of his services to the millions of his struggling countrymen in order to obtain self-consciousness in the political world, the first time with the bold constructive conception of his *Futurism of Young Asia*, and now in the maturity of his life with *Creative India*. Two such works carry a great people further onwards in the culture-political front of the world than dozens of agitation-speeches and hundreds of brochures by demagogues. Readers of *Geopolitik* have followed the strenuous and many-sided activities of Sarkar's life-work. He is one of the rare but great cultural mediators between East and West and knows the actualities of Asia and Europe in their fundamentals as few. The comprehensive examination of creative India from such a large standpoint is combined with the bunging together and appraisal of all relevant literature from the Occident and the Orient. The result is a work of the highest value as a document of geopolitical knowledge. The book itself is creative in a high degree" (Prof. Haushofer)

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Luzac's Book Review (London) "The scheme is an ambitious one, but

the author has carried it through with remarkable success. In conclusion we have an estimate of the influence of Ramakrishna and Vivekananda at the present day. This movement is according to the author the culmination of the centuries from Mohenjo-daro and it is upon it that the new Hindu empire is to be based.

Leader (Allahabad) The chief value of the volume consists in the fact that it displays a new angle of vision and has been written from the sociological and cultural rather than from the archaeological-historical standpoint. The learned author has made a useful contribution to Indian historical literature.

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New Review (Calcutta) This is an ambitious work. But his learning sits lightly on him. One of the best chapters in this long book is the last where he points out the distinctive contributions of men like Gandhi, Tagore and Rammohun Roy to creative India and tilts at many a romantic ivy-mantled castle in Eur America.

Rangoon Daily News This is a stupendous work in which are brought into bold relief some of those phases and trends on the evolution of Indian manhood and civilization which are generally overlooked or minimized by antiquarian researchers, text-book writers on Indian history, archaeology, philosophy or literature as well as by writers of general treatises relating to the spirit of India or the East.

Oriental Literary Digest (Poona) Professor Benoy Kuma Sarkar is eminently qualified both by virtue of his lifelong work for the cause of the country's cultural regeneration as well as by his

prolific writings in Indian and European languages. Indeed Prof Sarkar has given ample evidence of a Vikramadityan grasp of the whole subject which has been treated with all the industry skill and breadth of vision which we have come to associate with his numerous writings. No reader can fail to realize that Creative India's role is as much in evidence today as in the days of Mohenjo daro.

Prabuddha Bharata (Calcutta) The book is a valuable and informative survey of India as the creator and inspirer of values at home and abroad in the various fields of human knowledge and activity.

Unity (Chicago) It throws considerable light on the creative phase of Indian nationalism. Prof Sarkar speaks like a real cosmopolitan and presents the ideal of world conquest in terms of scientific industrial political as well as cultural achievements.

Calcutta Review Our learned author is not satisfied with mere refutations of current heresies. For this self-chosen task he has made preparations on an extensive scale in articles and journals of all sorts and conditions and he has at his command a mass of materials almost bewildering which he may well utilise in a new orientation of indology. His solid achievement is an effective counterblast to cheap handbooks of Indian culture that seem to spring from time to time according to the fashion of the day.

Inner Culture (Los Angeles U.S.A.) The learned stimulating and very talented author who is one of India's best known scholars and linguists has devoted his history very largely to India's secular accomplishments and her worldly viewpoints and achievements. The whole work is well planned, able and interestingly written.

WORKS ABOUT BENOY SARKAR

- S. C. Dutt *Conflicting Tendencies in Indian Economic Thought*
(Sarkarism in Economics) Pages 234 Rs 5 (Royal)
- N. N. Chaudhury *Pragmatism and Pioneering in Benoy Sarkar*
Sociology and Economics Pages 152 Rs 3 (Royal)

- S. K. Ghoshal *Sarkarism* (The Ideas and Ideals of Benoy Sarkar on Man and His Conquests) Pages 67 Rs. 1 (Royal)
- B. Das (and fourteen collaborators) *The Social and Economic Ideas of Benoy Sarkar* Pages 690 Rs. 1 (Royal)

Sarkarism

By Subodh Krishna Ghoshal

International Affairs (Journal of the Royal Institute of International Affairs London) In his brochure on the ideas and ideals of Benoy Sarkar Mr. Ghoshal does not claim to do more than indicate the guiding principles of Sarkarism on a variety of subjects. In the political sphere Sarkar holds the view that independence and sovereignty are limited as a matter of course. He rejects the romantic soul theory of nationality of which Hitler is the latest exponent and regards the state as a mechanical conglomeration of domestic units, clan communities, socio-economic units etc. not dependent on race, language or culture. There are many ideas here which deserve consideration by those who are thinking of a future international organization.

Rangoon Daily News Professor Ghoshal has made a modest but successful attempt to summarize the philosophy underlying the writings of Benoy Sarkar, that eminent and distinguished Indian writer and thinker. He has tackled a really difficult task and that in a limited space. The book is an able analysis of Professor Sarkar's philosophical ideas and makes an interesting study.

Pragmatism and Pioneering in Benoy Sarkar's Sociology and Economics

By Nigendra Nath Chaudhury

Economic Journal (London) The latest addition to the rapidly increasing literature dealing with the thought and writings of Benoy Sarkar contains one chapter dealing with his economic work. His main contribution to the development of economic thinking in India is a more scientific approach coupled with a careful study of the practical

tion of the methods and means developed elsewhere to the social and economic problems of India

International Affairs (Chatham House, London) N Chaudhury's interesting volume should be valuable to the ordinary British reader. N C's review is refreshing and affords illuminating glimpses of the background which they provide for Western folk concerned in Indian thought and progress. Benoy Suktai's writings have had a profound effect upon the intellectuals of Bengal and elsewhere.

The Journal of Philosophy (New York) The book is valuable for its careful enumeration of Suktai's books, articles and lectures made in various parts of the world in all of which Suktai has counteracted some traditional ideas and initiated something new. He establishes a doctrine of equality, a Monroe Doctrine for Asia in which India takes her place as an equal with other nations. He is an anthropological equalitarian who evolves equations to be applied indifferently to all peoples. He claims that the India of 1937 is equivalent economically to the Germany of 1860-70. According to Suktai all that India needs to do is locate herself with respect to a country which has run the race of progress and then imitate her.

American Sociological Review This book should be a great help to any scholar who wishes to understand modern India. Chaudhury has given a clear picture of what Saikarism is and its place in nationalist India today. Suktai gave India a completely new picture of the outside world. His views of race and culture and nationalism are refreshingly new. Saikar's activities are as numerous as his writings are voluminous and in keeping with his encyclopaedic knowledge in diverse fields.

Conflicting Tendencies in Indian Economic Thought

By Shib Chandra Dutt

Economic Journal (London) Though Mr Dutt is obviously in sympathy with the modernist views of Professor Suktai, he has so far as we can judge furnished a fair presentation of the doctrines enunciated by Mahatma Gandhi.

Professor P. T. Horn (Cornell University USA) I was specially glad to see an extended treatment of Sarkar's writings. I was of course aware of the tendencies but had never before run on to any clear statement and contrast of them.

The Social and Economic Ideas of Benoy Sarkar

Edited by Professor BANESVAR DASS

Arya Path (Bombay) The book is a fitting tribute to one of the foremost living thinkers of India and builders of Bengal. There is no Indian intellectual who has not read one or another of the countless writings of this savant whose knowledge is indeed colossal. His versatility is indeed as amazing as his grasp of facts is intimate. Professor Sarkar is an institution in himself. And the numerous institutions which he has founded are eloquent witnesses to his indefatigable energy and unshaken faith in the future of Young India as his prodigious writings are to his encyclopaedic knowledge.

Professor F. Hinkins, President American Sociological Society, Sarkar represents a fine amalgam of East and West both in his marvellous understanding of the spirit and institutions of European culture and in the all-embracing humanism of his moral and spiritual outlook. He is a fine prototype of what we all hope the world will eventually achieve in the human personality and mutual understanding: the true citizen of the world.

Mysore Economic Journal This is a remarkable book alike in conception and production. It is at once a tribute to the genius of a great thinker and writer and a nation's homage rendered by friends and admirers at the instance of a great firm of publishers of whom India ought to be proud. Messrs. Chuckerberty Chatterjee & Co. Ltd. Calcutta deserve praise for doing this piece of national work. There is no subject which Sarkar has touched which he has not adorned. Professor BANESVAR DASS, the editor, has done his part of the work with commendable zeal.

Ceylon Observer (Colombo) The editor has had the collaboration of a number of distinguished Indians who have themselves made a

study of Sarkarism. It is possible to trace in all Professor Sarkar's writings and lectures a continuity of thought and a systematic approach to truth. And especially now at a time when some of the finest brains in the world are trying to evolve order out of the present chaos Professor Sarkar's views backed up by his wide experience and clear thinking should prove to be most valuable.

Insurance and Finance (Calcutta) In the course of some seven hundred pages the editor Professor Dutt has picked up valuable information about Professor Sarkar and his ideas and activities. Since 1906 Sarkar has been influencing Bengali life and language and it is in the fitness of things that a work like this should have been published. His theories and ideas are treated with interest not only in the land of his birth but also abroad. The present well edited collection of his works therefore will also help in establishing an international cultural co-operation and affinity. Professor Sarkar's economic views are generally opposed to the ideas and notions prevalent among the scholars, the public and politicians of India. But his well reasoned arguments often go a long way in cornering his opponents and oftener than not succeed in winning the opponents to subscribe to his ideas and views.

Journal of the Madras University Sarkar's views on currency and tariff questions as also on Indian economic problems will be read with interest. Much more interesting are his studies on aspects of social eugenics and sociology. As Dr N N Law points out in his Foreword in order to understand Professor Sarkar as a man and get his ideas in the most concise form one would naturally begin the book with *The Seven Creeds of Benoy Sarkar* by Miss Ida Sarkar.

Prof P F Cressey, Eastern Sociological Society (Massachusetts U.S.A.) The work is a valuable compendium of the brilliant and scholarly writing of Professor Sarkar. One is impressed by the breadth of his knowledge and the accuracy of his scholarship. His extensive travels in Europe and America enabled him to understand many aspects of Indian culture in relation to a world setting. This summary of his writing should be of value to American scholars interested in obtaining a better understanding of India and its place in the modern world.

